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## ABSTRACT

This document records the oral and written testimony of witnesses at a Congressional hearing held in April 1993 to assess the costs and outcomes of the Job Training Partnership Act (JTPA). Witnesses included officials from the U.S. Department of Labor, the General Accounting Office, consultants retained to evaluate the program, and several local Private Industry Councils (PICs). Testimony noted that approximately 36 million people face some type of employment barrier and are eligible to participate in JTPA programs, but fewer than 2.5 percent are actually being served, and only two-thirds of the participants are successfully completing their training and finding employment. According to a Labor Department official, JTPA programs have done a good job in training for occupational skills and job search methods, but have not provided very much help in improving reading and mathematics skills in persons with deficiencies in these areas and have done little in the areas of persons with disabilities. Only about half the program participants found jobs after completing their programs; of these, only half found them through program assistance. More than half the jobs paid less than \$5 per hour. Many of the JTPA programs operate in isolation and they fail to serve the most economically disadvantaged persons. However, PIC officials also offered examples of programs that have been very successful. (KC)

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# JOB TRAINING PARTNERSHIP ACT: JOB COST, JOB OUTCOME

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ED 367 909

## HEARING

BEFORE THE  
EMPLOYMENT, HOUSING, AND AVIATION  
SUBCOMMITTEE  
OF THE  
COMMITTEE ON  
GOVERNMENT OPERATIONS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED THIRD CONGRESS  
FIRST SESSION

APRIL 29, 1993

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# **JOB TRAINING PARTNERSHIP ACT: JOB COST, JOB OUTCOME**

**THURSDAY, APRIL 29, 1993**

**HOUSE OF REPRESENTATIVES,  
EMPLOYMENT, HOUSING, AND AVIATION SUBCOMMITTEE  
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,  
Washington, DC.**

The subcommittee met, pursuant to notice, at 9:40 a.m., in room 2247, Rayburn House Office Building, Hon. Collin C. Peterson (chairman of the subcommittee) presiding.

Present: Representatives Collin C. Peterson, Bobby L. Rush, Floyd H. Flake, Karen L. Thurman, Barbara-Rose Collins, and Ronald K. Machtley.

Also present: Edith Holleman, staff director; Andrea Nelson, counsel; Lisa Phillips, professional staff member; June Saxton, clerk; and Michael D. Nannini, minority professional staff, Committee on Government Operations.

## **OPENING STATEMENT OF CHAIRMAN PETERSON**

Mr. PETERSON. The subcommittee will come to order. This is the first in a series of subcommittee hearings into whether the \$11 billion the Federal Government spends each year on job training programs actually works to improve the lives, levels of earnings, and future employability of the individuals who participate in the programs.

Our focus today is on the Job Training Partnership Act which, at nearly \$2 billion per year, is the largest single Federal job training program. Recent studies of the effectiveness of JTPA conclude that standard JTPA programs, with their traditional priority on placing participants in a job—any job—do not have much effect on the level of earnings or future employability of program participants.

Testifying about their reports today are the Labor Department's Office of Inspector General, the General Accounting Office, and ABT Associates—a private consultant specifically retained by the Labor Department to evaluate the impact of JTPA on program participants.

We will also hear today from several local private industry councils that have moved aggressively to reverse this pattern of minimal results through innovative strategies such as carefully targeting the needs of local employers and coordinating training and support services to most effectively benefit program participants. They also spend, I should note, two to three times more

(1)

money per participant than the average, according to the ABT study.

Testimony from the Labor Department will conclude the hearing. Top career staff of the Employment Training Administration will report on the status of implementation of the reforms enacted in the 1992 JTPA amendments and will respond to the criticism raised in JTPA studies.

Do any members have opening statements? Mr. Flake.

Mr. FLAKE. Just a short one, Mr. Chairman. Thank you very much. Good morning.

First of all, let me thank you for holding the hearing. I think it is important, as we consider the plight of many young people throughout this land, that we have some assessment of the effectiveness of the job training program which is aimed at meeting the needs of many disadvantaged youth and adults.

I would also like to welcome those who come as witnesses this morning before this committee and hope that, during the course of the hearing, we can get a better understanding of how we might better and more effectively serve many of these unemployed youth.

In particular, I would like to examine whether current programs are successful in increasing employment and increasing the opportunities for earnings as well as the possibility of getting young people into situations where they can develop the proper work ethic and the work discipline that ultimately leads them beyond the starter jobs to better jobs.

The administration has already proposed putting more money into this program. It is my hope that, as we put more money into the program, we can initially have a better sense of how the current programs work and how we might better spread those resources to more effectively impact the job market as a whole.

We also would like some examination of what happens to those workers who need the program the most, because there has been some accusation that the workers who need the least assistance are the most employable, and they receive more benefits sometimes from the program than those who do not. I would like to examine this inequity and ensure that the unemployed workers receive the assistance that they need.

Again, I would like to thank you for holding this hearing and thank those who have come as witnesses and, hopefully, we can all work together toward the end of providing better job opportunities for all American citizens.

Thank you, Mr. Chairman. I yield back.

Mr. PETERSON. Thank you, Mr. Flake. That was a fine statement. Mr. Machtley, do you have an opening statement?

Mr. MACHTLEY. Thank you, Mr. Chairman. I look forward to working with you on this subcommittee as we hear many witnesses and look at the issues that are important to this country and particularly to our future.

I want to thank you for calling this particular hearing because I think that job training is essential for the next decade and probably for the long-term future of our Nation.

I am very much reminded of the booklet recently written by Lester Thurow, "Head to Head," which points out that the competition is not between our States in the future, but between nations. Those

who are prepared to compete will be successful. Those who are not prepared to compete will, in fact, find their standard of living reduced and, obviously, their wages reduced at the same time.

Faced with this obvious, daunting national challenge to become more productive, I believe cooperation is necessary in all areas of education, training, and the continued development of our work force. Workers must be committed to high-quality products and services. If we do not understand the term "quality" today, I am afraid that tomorrow will be a disaster.

Educators must provide our workers with a solid foundation in basic skills to enable workers to adapt to changing technologies. The most recent issue of Forbes magazine points out that every employee is going to change their type of employment perhaps six to seven times during their life in the future.

Employers must invest in work training and coordinate their activities with educators and workers to create mutually beneficial partnerships. At this time, the Job Training Partnership Act serves as the primary Federal-State program to train and assist individuals facing various barriers to employment.

Some barriers can be easily overcome, such as not knowing how to conduct a job search. Other barriers, however, require intensive and individualized attention, such as lack of basic math and reading skills. Probably homelessness and welfare dependency are going to be more difficult to combat.

According to figures which we will hear more about in today's testimony, approximately 36 million people face some type of employment barrier and are eligible to participate in Job Training Partnership Act programs. Tragically, less than 2.5 percent of the eligible population is being served.

Moving beyond that depressingly low figure, we will also hear that, of this 2.5 percent, only two-thirds of the participants are successfully completing their training and finding employment. So we have 2.5 percent of the eligible population participating and only two-thirds of that 2.5 percent are completing the training and finding employment. Obviously, we have to assess whether this is a successful program and, if not, what should be done.

The question becomes, how do we best accomplish our mutual goals of making us the most productive Nation for the future through job training programs. I look forward to hearing the testimony.

Mr. PETERSON. Thank you, Mr. Machtley. We look forward to working with you and the members on your side on this subcommittee. Mrs. Thurman, do you have an opening statement?

Mrs. THURMAN. Briefly, Mr. Chairman. I also appreciate the fact that you are holding these hearings. As a former member of the coordinating council in the State of Florida for JTPA, I find this an exciting time and certainly one that will renew what I think were the objectives for the Job Training Partnership Act.

I refer to your memo that was sent to us, and I specifically hope that we look not only at where some problems riddled this program but where the successes were, because I think we have some challenges for the future for this country based on where our necessary retraining programs are going to have to be looked at, particularly

with dislocated workers, especially the workers that will be displaced due to defense spending cuts.

So I think we have some challenges facing us. However, I think this hearing is a step in the right direction.

Mr. PETERSON. Thank you, Mrs. Thurman.

I would like to now welcome the first panel of witnesses, and I would ask that the members reserve their questions until all the witnesses have had a chance to speak.

Mr. FLAKE. Mr. Chairman, before you do that, may I make a unanimous-consent request?

Mr. PETERSON. Sure.

Mr. FLAKE. That I be permitted to submit to the committee questions. The Banking Committee has the RTC markup at this hour, and I would like to go to that, but I would like unanimous consent to submit questions.

Mr. PETERSON. Without objection, so ordered.

Mr. FLAKE. Thank you.

Mr. MACHTLEY. Mr. Chairman, if I may, may all members have the same opportunity?

Mr. PETERSON. Yes, we will extend that to all members, and if any other members have opening statements, we'll make those a part of the record as well.

I would like to call Mr. Charles Masten, the acting inspector general for the Department of Labor, who will be accompanied by Gerald Peterson, assistant inspector general for audit; and Clarence Crawford, the Associate Director of Employment and Education Issues, Human Resources Division of the GAO, who will be accompanied, as I understand it, by Sigurd Nilsen of the Human Resources Division; and Larry Orr, the vice president and the senior economist for ABT Associates.

Welcome to the committee. As you are probably aware, it is our policy to swear in all of our witnesses, so as not to prejudice anybody. So if you would rise.

[Witnesses sworn.]

Mr. PETERSON. I would like to welcome you all to the subcommittee and I look forward to hearing your testimony. Your full statements will be made a part of the record. Feel free to summarize your remarks and hit the points that you think are the things that are the most important.

We would like to try to keep this to 10 minutes apiece. The members have other committees and there are a lot of things going on this morning, so we are going to try to move this along. Again, welcome. Glad to have you with us.

**STATEMENT OF CHARLES C. MASTEN, ACTING INSPECTOR GENERAL, DEPARTMENT OF LABOR, ACCOMPANIED BY GERALD W. PETERSON, ASSISTANT INSPECTOR GENERAL FOR AUDIT**

Mr. MASTEN. Mr. Chairman and members of the subcommittee, thank you for inviting me to testify before you today in my capacity as acting inspector general of the U.S. Department of Labor. As stated earlier, I am accompanied by Gerald W. Peterson, who is the assistant inspector general for our office of audit.

At your request, I am submitting the complete text of my statement for the record and will keep my oral presentation short to allow ample time for questions.

I have been asked to talk about the results of a recent nationwide audit of the Job Training Partnership Act—JTPA—program outcomes. The audit specifically covered title II-A, disadvantaged adult and youth training programs, for program year 1990.

By way of background, Congress appropriated approximately \$1.8 billion in 1990 for the title II-A program. The funding was used to serve 835,000 individuals, or about 2 percent of the estimated 36 million eligible population.

The purpose of JTPA is to "afford job training" to individuals "facing serious barriers to employment." Thus, our audit focused on employment barriers. We set out to determine whether the program operators were identifying and addressing employment barriers of individuals enrolled in the program, what types of training and supportive services were provided, what the costs were, and what happened to the participants when they left the program.

For our audit purposes, we organized employment barriers into three categories: Job barriers, educational barriers, and personal barriers.

Job barriers primarily consisted of a lack of job skills, job search skills, and labor market information. Educational barriers primarily consisted of school dropouts and deficiencies in reading and mathematics. Personal barriers included lack of child care, lack of transportation, and disabilities.

Employment barriers were identified for 93 percent of the participants. The employment barriers that were most frequently identified and addressed concerned individuals' needs for occupational training, job search assistance, and labor market information.

Program operators also identified and addressed individual needs for supportive services, such as transportation and child care. These job related and personal circumstance barriers were the types of barriers Federal job training programs have historically done well at identifying and addressing.

Program operators also identified numerous educational and personal barriers, such as school dropouts, reading and math deficiencies, health problems, disabilities, and substance abuse. About 72 percent of the participants were found to have at least one of these barriers.

However, these barriers were addressed at a much lower rate than the barriers related to job skills. For example, 45 percent of adult participants read below the seventh grade level but only 27 percent of those received help from JTPA with reading.

Determining the total investment for each participant was impossible. Financial records were usually not maintained on a participant basis. When we were able to identify training and supportive service expenditures by participant, the average investment was about \$1,506 per participant.

Of the participants who left the program, we estimated that 53 percent obtained jobs; 14 percent achieved "employability enhancements"—that is, completed training which provided the potential for employment; 33 percent did not obtain jobs or achieve an employability enhancement.

Of the participants who got jobs, 49 percent earned wages of \$5 or less; 49 percent of the participants interviewed by auditors said they found their jobs without JTPA assistance.

We interviewed approximately 54 percent of the participants who obtained jobs. At the time of the interview, 49 percent were still working for their original employer; 26 percent were working for another employer; 5 percent were in school or the Armed Forces; and 20 percent were unemployed.

The Congress recognized that job training is an investment in human capital and not an expense. The act states that: "The basic return on investment is to be measured by increased employment and earnings of participants, and reductions in welfare dependency." However, analysis of the audit data raises, we believe, some serious questions about the expectations placed on the JTPA title II-A program.

With respect to the 1992 JTPA amendments, the Office of Inspector General supported the stronger accountability provisions in these amendments. We believe the amendments will make the program more fiscally responsible.

However, the amendments will not solve the dilemma faced by the job training system in carrying out its legislative mandate with the current level of funding. The job training system is being asked to address education failures, physical dependencies, and emotional and physical disabilities with little funding and no demonstrated pattern that JTPA can successfully treat these barriers.

Mr. Chairman, this completes my oral presentation. Thank you for giving me the opportunity to make this statement. Mr. Peterson and I will be awaiting your questions.

[The prepared statement of Mr. Masten follows:]

**STATEMENT OF  
CHARLES C. MASTEN  
ACTING INSPECTOR GENERAL  
U.S. DEPARTMENT OF LABOR  
BEFORE THE  
SUBCOMMITTEE ON EMPLOYMENT, HOUSING AND AVIATION  
COMMITTEE ON GOVERNMENT OPERATIONS  
U.S. HOUSE OF REPRESENTATIVES  
APRIL 29, 1993**

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me to testify before you today in my capacity as Acting Inspector General of the U.S. Department of Labor. I am accompanied this morning by Gerald W. Peterson, Assistant Inspector General for Audit. My comments this morning do not necessarily represent the viewpoints of the Department of Labor.

I have been asked to talk about the results of a recent nationwide audit of **Job Training Partnership Act (JTPA) Program Outcomes**. The audit specifically covered Title II-A, disadvantaged adult and youth training programs, for program year 1990.

By way of background, Congress appropriated approximately \$1.8 billion in 1990 for the Title II-A program, the largest of the JTPA programs. It has been estimated that over 36 million people were eligible to be served by the program in 1990.

Consequently, JTPA must limit its coverage and provide services to

a very small percentage of the eligible population. Thus, the program served about 2.3 percent of the eligible population in 1990, that is, about 835,000 individuals participated at any given time during the year and about 581,000 exited from the program.

The purpose of JTPA is to "afford job training" to individuals "facing serious barriers to employment." Thus, our "outcomes" audit focused on employment barriers. The audit was conducted at 35 randomly selected local sites called service delivery areas where a total of 1,750 reported terminations were selected for review. The audit results were projected to the national universe and represent estimates of program activities nationwide.

Our audit objectives were to determine whether program operators were identifying and addressing employment barriers of individuals enrolled in the program; what types of training and supportive services were provided; what were the costs; and what happened to the participants when they left the program.

For our audit purposes, we organized employment barriers into three categories: job barriers, educational barriers, and personal barriers. Job barriers primarily consisted of a lack of job skills, job search skills, and labor market information. Educational barriers primarily consisted of school dropouts

and deficiencies in reading and mathematics. Personal barriers included a lack of child care, transportation and disabilities.

We learned that not all the program terminations were correctly reported. Of the 581,000 terminated participants reported by ETA for Program Year 1990, we projected that at least 18 percent or 104,777 terminations were improperly reported.

We found that program operators identified employment barriers primarily for Department of Labor reporting purposes. Further, there were no standard definitions nor guides for ranking the seriousness of the barriers. Participants were often evaluated and then received training offered by the program operator, regardless of whether the training addressed the individual's specific needs.

Employment barriers were identified for 93 percent of the participants. Seventy-two (72) percent of the participants met the criteria for "hard-to-serve" clients as defined in the September 1992 amendments to JTPA. Since the amendments require that at least 65 percent of participants be "hard-to-serve" clients, the program was already enrolling the types of persons targeted by the amendments.

The employment barriers that were most frequently identified and

addressed concerned individuals' needs for occupational training, job search assistance, and labor market information. Program operators also identified and addressed individuals' needs for supportive services, such as transportation and child care. Federal job training programs have historically done well at identifying and addressing these types of job-related and personal circumstance impediments to employment.

Program operators also identified numerous educational and personal barriers, such as school dropouts, reading and math deficiencies, health problems, disabilities, and substance abuse. About 72 percent of the participants were found to have at least one of these barriers. However, these barriers were addressed at a much lower rate than the barriers related to job skills. For example, 45 percent of adult participants read below the 7th grade level, but only 27 percent of those received help from JTPA with reading.

Determining the total investment for each participant was impossible. Financial records were usually not maintained on a participant basis. Indirect costs of state, SDA, and program operator administration were not calculated on a participant basis. Likewise, the indirect cost for in-house training or support services staff were not accumulated or allocated on a per participant basis.

We could identify direct payments made for training and assistance in 78 percent of our sampled participants, and the average investment was about \$1,506 per participant. Sixty percent (60%) of payments averaged below \$1,500; 46 percent of payments averaged below \$1,000.

Of the participants who left the program, we estimated that:

- 53 percent obtained jobs.
- 14 percent achieved "employability enhancements," that is, completed training which provided the potential for employment.
- 33 percent did not obtain a job nor achieve an employability enhancement.

Of the participants who got jobs:

- 49 percent earned wages of \$5.00 or less.
- 49 percent of the participants interviewed by auditors said they found their jobs without JTPA assistance.

We interviewed approximately 54 percent of the participants who obtained jobs. At the time of the interview:

- 49 percent were still working for their original employer.
- 26 percent were working for another employer.
- 5 percent were in school or the Armed Forces.

- 20 percent were unemployed.

The Congress recognized that job training is an investment in human capital and not an expense. The Act states that "the basic return on investment is to be measured by increased employment and earnings of participants, and reductions in welfare dependency." Analysis of the audit data raises, we believe, some serious questions about the expectations of the JTPA Title II-A program.

We believe the following questions need to be answered in order to clarify the expectations of JTPA:

- Is the current network of state and local operations the most efficient and effective way to deliver JTPA services?
- Should JTPA expend its resources to provide labor exchange services such as job search, labor market information, and job referral services? If so, what is the role of the U.S. Employment Service with a Fiscal Year 1993 budget of approximately \$900 million?
- Should recruitment and placement functions be independent of training to prevent the program operators from inflating performance figures by servicing only job-ready clients?

- Should JTPA interventions only address job training barriers letting other government resources address educational and personal barriers?
- Should JTPA enroll individuals only after educational and personal barriers have been eliminated by the other programs?
- Should JTPA expenditures be considered "an investment in human capital" given the program's limited opportunity to create value, i.e., increase employment and earnings and reduce welfare dependency?
- Should the success of the JTPA program be measured differently?
- Should JTPA attempt to be all things to all individuals or should it assume a narrower role?

Mr. Chairman, this completes my response to the first question in your April 13 letter. I would like to respond now to the remaining questions:

1992 Amendments. Overall, the Office of Inspector General supported the stronger accountability provisions in the 1992 JTPA amendments. We believe these amendments will make the program more fiscally responsible. However, the amendments will not solve the dilemma faced by the job training system in carrying out its legislative mandate with the current level of funding.

The job training system is being asked to address education failures, physical dependencies, and emotional and physical disabilities with insufficient funding and no demonstrated pattern that JTPA can successfully treat these barriers.

Performance Measures. You asked me to address whether placement rates were an appropriate measurement of program success and to give recommendations for revisions or clarifications. In Program Year 1990, the Title II-A adult programs were measured in terms of an individual's employment rate and weekly earnings 13 weeks after terminating from the program. The success of youth programs was measured in terms of the number of youth who entered employment following termination and the rate of youth who achieved employability enhancements, that is, completed training which provided the potential for employment. These "followup" measures for adults were established in 1988 and were, in part, a result of our nationwide audit of Title IIA during 1986-87.

In an audit report, issued in January 1988, we found that the program was successfully achieving a 70 percent placement rate. On the other hand, the program was not focusing on hard-to-serve individuals. Further, the rates of retaining participants in jobs, increasing their earnings, and reducing welfare dependency were not encouraging. We concluded that the 70 percent placement

rate achieved by the program had been caused by the performance measures, which, at that time, emphasized placement rates. In order to improve retention, increase earnings, and reduce welfare dependency, we recommended that ETA develop measures and standards which would focus the system on providing training which influenced longer-term, more stable employment.

In establishing the "followup" measures, ETA moved toward emphasizing longer-term successes, and we supported these changes. However, as our report pointed out, many of the problems with JTPA today have to do with unreasonable expectations for the amount of funding. Although we would like to see the program measured in terms of employment barriers addressed and overcome, we believe that measures should not be changed until the expectations of the program are clarified.

Administrative and Financial Accountability Systems. The 1982 JTPA statute limited administrative spending to 15 percent. The 1992 amendments raised the limit to 20 percent. In March 1992, we issued an audit report that compared the costs reported by two service delivery areas to costs allocated by auditors. In one case, the auditor-allocated administrative costs were actually 20 percent higher than reported. In the second case, the administrative costs were 12 percent higher.

These costs were not inaccurately reported, however, because of regulations issued by the Employment and Training Administration in 1983. These regulations provided for "single unit charging" when performance-based, fixed-unit-price contracts were used. In other words, when these contracts were used, all costs could be charged to training regardless of whether they were for administration, participant support, or training. This regulatory provision, which we believe had no basis in law, effectively allowed some entities in the JTPA system to get around the 15 percent administrative limitation.

OIG strongly supported eliminating this practice, and the 1992 amendments restrict the "single unit charging" of all costs to certain tuition payments only. We will not know until the amendments are implemented beginning in July 1993 whether these changes will effectively control single unit charging and ensure better compliance with the 20 percent administrative cost limitation.

In terms of accurate cost-effectiveness evaluations, the lack of uniform cost principles and adequate performance and outcomes data on the system precluded meaningful cost-effectiveness evaluations in the past. However, the 1992 amendments require uniform cost principles, including adherence to

generally accepted accounting principles, and collection of more data on participants. The Employment and Training Administration is in the process of implementing a major expansion in the amount of data collected on JTPA participants. The Standardized Program Information Reporting (SPIR) system requires states to maintain socio-economic, program participation, and outcome information on each participant in JTPA Titles IIA, IIC, and III.

Unfortunately, the outcome information does not include information on an individual's welfare dependency after JTPA. However, the SPIR system, coupled with more consistent cost data, will greatly enhance the ability to determine whether JTPA is cost effective.

Remedial Education Requirements. The April 13 letter contained a question about the Department's implementation of the 1986 remedial education requirements under JTPA. These requirements, which were included in 1986 amendments to JTPA, were included under Title IIB, the Summer Youth Employment and Training Program. This program differs from Title IIA, which was the subject of our JTPA Program Outcomes audit, which I have discussed in this testimony. According to the Act, the purposes of the summer youth program are to:

- enhance the basic educational skills of eligible youth,

- encourage school completion, or enrollment in supplementary or alternative school programs, and
- provide eligible youth with exposure to the world of work.

The Inspector General's Office recently issued an audit report on the 1992 Summer Youth Employment and Training Program. The 1992 program received approximately \$1.2 billion in funding consisting of \$700 million in regular funding and \$500 million in supplementary funding.

The Inspector General's Office reviewed 21 service delivery areas, visited over 840 worksites, and interviewed key staff and over 1,200 participants to determine whether the work experience and remedial education programs were successful.

We found that the work experience program was a success. Youth participants were productive, interested, and closely supervised. However, the remedial education program was a limited success. There were several problems:

- Although participants were tested at all the SDAs, coordination with the local schools did not always occur.
- At six SDAs, participants were not assessed to determine if they needed remedial training, as required by the Act.

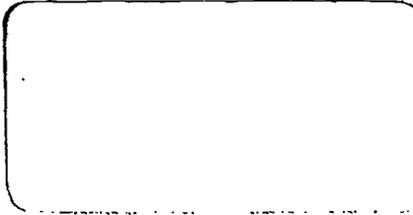
- While reading and mathematics training was provided at all the SDAs, the term "remediation" also included courses in such subjects as history, government, economics, algebra, and science.
- Most of the 21 SDAs did not serve those most in need, but rather used such practices as giving the participant the option to attend remediation or providing remediation to participants only in certain locations or age groups.

Thank you for giving me the opportunity to make this statement. We will be happy to take your questions at this time.

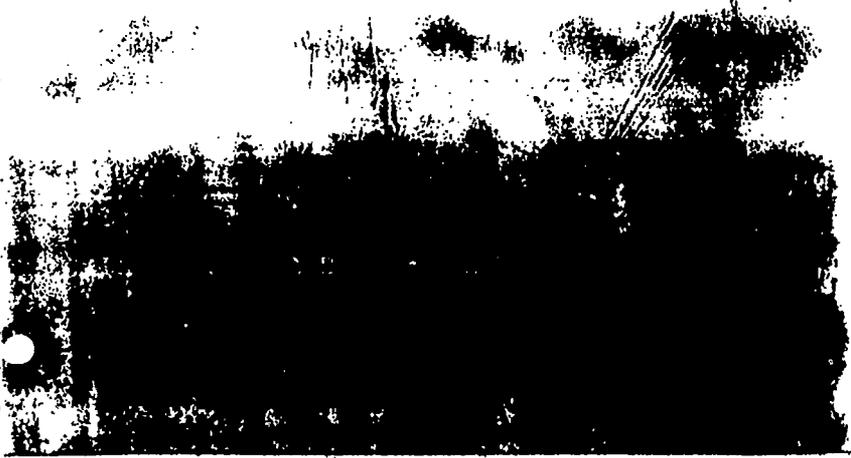
**Office of Inspector General**



U.S. Department of Labor  
Office of Audit



**Office of Audit**



U.S. Department of Labor

Office of Inspector General  
Washington DC 20210

Reply to the Attention of

MAR 31 1993

MEMORANDUM FOR: CAROLYN M. GOLDING  
Acting Assistant Secretary for  
Employment and Training

FROM: *Gerald W. Peterson*  
GERALD W. PETERSON  
Assistant Inspector General  
for Audit

SUBJECT: Job Training Partnership Act (JTPA)  
Program Outcomes  
Report No. 09-93-201-03-340

Attached is a copy of our final report on participant outcomes resulting from the Job Training Partnership Act Program. We conducted the audit in accordance with the Government Auditing Standards (1988 revision), as established by the Comptroller General of the United States.

Our audit raises questions about the expectations of the JTPA program. It would be possible to conclude the program, in its current form, may never achieve the goals set forth in law in terms of increasing employment and earnings of participants and reducing welfare dependency. This dilemma has prompted us to pose a series of questions which we believe should be answered as the program tries to implement the mandates of the September 1992 amendments.

We have included your written comments to our draft report as Appendix D. As a result of your comments we have included an expanded discussion of the sampling methodology (Appendix A). Also, where appropriate, we have adjusted specific report wording based on your comments.

If you have any questions, please contact me at 219-8404.

Attachment

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**JTPA PROGRAM OUTCOMES**

Report No. 09-93-201-03-340

MAR 31 1993

### Important Information

Data in this report reflects a national picture of the JTPA program. Our sample was not selected to be representative of individual program operators, service delivery areas, or states.

All data in this report is based on projected totals of properly reported terminations. Our projections are subject to a 3 percent sampling error at the 95 percent confidence level.

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## EXECUTIVE SUMMARY

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### INTRODUCTION

This report presents the results of our Office of Inspector General (OIG) nationwide audit of Program Year 1990 Job Training Partnership Act (JTPA) programs funded under Title II-A of the Act. We conducted the review to find out if program operators identified and eliminated participants' employment barriers and to determine what happened to the participants when they left the program.

Congress appropriated \$1.8 billion to fund the Program Year 1990 Title II-A program. While that appears to be a substantial investment, it is, in fact, relatively insignificant. For that same time period, the Employment and Training Administration (ETA) estimated that over 36 million people were eligible to be served by the Title II-A program. Per capita, only \$50 was available for each eligible person.

Further, the legislation requires that a network of state and local operators deliver the program. Therefore, the \$50 was further diluted by the administrative costs associated with 59 state or trust territory offices and 636 service delivery area (SDA) offices. ETA has estimated that over 18,000 persons are employed by the state and SDA offices. Further, there is a private industry council for each of the 636 SDA offices. Although the 9,000 or so members of these councils serve voluntarily, travel, meals, and other administrative costs are paid by JTPA. Finally, thousands of contractors participate in providing training and services. The number of contractor personnel is unknown, but ETA estimates start at 20,000.

Consequently, JTPA must limit its coverage and provide services to a very small percentage of the eligible population. For Program Year 1990 the program reported serving about \$35,000 individuals or about 2.3 percent of the eligible population. During that year about \$81,000 persons were reported as terminating from the program.<sup>1</sup>

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<sup>1</sup> Our audit identified, however, that about 18 percent of these reported terminations were invalid.

**EXECUTIVE SUMMARY**

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We found program operators identified and provided training and assistance to eliminate many types of employment barriers. The barriers most often identified and addressed involved the need for job skills or help in searching for a job. In most cases, program operators identified and provided interventions to help individuals who needed occupational training, job search assistance, and labor market information. The program operators also identified and addressed individuals' needs for supportive services, such as transportation and child care. These are the types of employment barriers Department of Labor training programs have historically done well at addressing.

Conversely, program operators also identified numerous educational and personal barriers, e.g., school dropouts, reading and math deficiencies, health problems, disabilities, and substance abuse. About 72 percent of the participants were found to have at least one of these barriers. However, the program operators addressed these barriers at a significantly lower rate than job skills barriers. For example, 45 percent of the adult participants read below the 7th grade level, but only 27 percent of those received help from JTPA with their reading deficiencies.

Determining the total investment for each participant is impossible. Financial records are not usually maintained on a participant basis. Where we were able to identify training and assistance expenditures for participants, the average investment was about \$1,500. This is not surprising considering the \$1.8 billion appropriation spread among the 835,000 participants averages about \$2,150.

Our audit found the 1990 program produced the following:

- 53 percent of participants obtained jobs.
- 14 percent achieved "employability enhancements," i.e., completed training which provided the potential for employment.
- 33 percent did not obtain a job or attain an employability enhancement.

## EXECUTIVE SUMMARY

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However, of the participants who got jobs:

- 49 percent earned wages of \$5.00 or less.
- 49 percent of the participants interviewed by OIG staff said they found their jobs without JTPA assistance.

We interviewed approximately 64 percent of the participants who obtained jobs. At the time of the interview:

- 49 percent were still working for their original employer.
- 26 percent were working for another employer.
- 5 percent were in school or the Armed Forces.
- 20 percent were unemployed.

4 We also contacted the employers who hired JTPA participants. Sixty-five percent of the employers we contacted that hired participants after receiving an on-the-job training subsidy stated they would have hired the person without the JTPA subsidy.

### CONCLUSIONS

Given the information our audit developed, one might conclude the program, in its current form, cannot achieve the goals set forth in law in terms of increasing participant employment and earnings and reducing welfare dependency. Analysis of the audit data raises, we believe, some serious questions about the expectations of the JTPA program. The job training system is being asked to address education failures, physical dependencies, and emotional and physical disabilities with little funding and no demonstrated pattern that JTPA can successfully treat these barriers.

This dilemma poses several questions regarding the direction the program needs to take. Therefore, rather than making recommendations, we are raising what we believe are pertinent

**EXECUTIVE SUMMARY**

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questions which should be answered as the program tries to implement the mandates of the September 1992 amendments.

Is the current network of state and local operators the most efficient and effective way to deliver JTPA services?

Should JTPA expend its resources to provide labor exchange services such as job search, labor market information, and job referral services? If so, what is the role of the U.S. Employment Service with a budget of \$850 million?

Should recruitment and placement functions be independent of training to prevent the program operators from inflating performance figures by serving only job-ready clients?

Should JTPA interventions only address job training barriers, letting other government resources address educational and personal barriers?

Should JTPA enroll individuals only after educational and personal barriers have been eliminated by the other programs?

Should the JTPA expenditures be considered "an investment in human capital" given the program's limited opportunity to create value, i.e., increase employment and earnings and reduce welfare dependency?

Should the success of the JTPA program be measured differently?

Should JTPA attempt to be all things to all individuals or should it assume a narrower role?

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This report contains three sections. Section I contains significant findings from the data gathered. Section II contains statistical tables. Section III, separately bound, contains a history of the JTPA experiences of the participants studied during the review.

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Mr. PETERSON. Thank you, Mr. Masten. We appreciate your being with us. Mr. Crawford.

**STATEMENT OF CLARENCE C. CRAWFORD, ASSOCIATE DIRECTOR, EMPLOYMENT AND EDUCATION ISSUES, HUMAN RESOURCES DIVISION, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY THOMAS MEDVETZ, AND SIGURD NILSEN**

Mr. CRAWFORD. Mr. Chairman and members of the subcommittee, we, too, are pleased to be here today to discuss with you the effectiveness of title II-A of the Job Training Partnership Act in meeting the employment and training needs of the economically disadvantaged.

I would like to introduce, on my immediate right, Mr. Sigurd Nilsen and on my far right, Mr. Thomas Medvetz, who are responsible for much of our work in this area.

Although JTPA is the Nation's chief federally funded employment and training program, it is but one of many programs often operating in isolation and creating a difficult maze for service providers and those who are in need of assistance. We have identified 125 Federal employment and training programs, including JTPA, that are administered by 14 departments and independent agencies, spending about \$16 billion annually.

In summarizing my statement, I will be focusing on the effectiveness of JTPA, the likely impact of recent changes to JTPA, and improvements needed in the overall Federal response to employment and training needs of the economically disadvantaged. My testimony will be based on our prior and ongoing work as well as a recent national study of JTPA prepared for the Department of Labor.

JTPA is viewed as a relatively successful program because it has, for the most part, met or exceeded its performance standards with an overall 60 percent placement rate for those who complete or leave the program. Performance standards measure how well local programs, SDA's, are placing people in jobs and at what wage, but they don't provide an assessment of JTPA's overall impact on the people it is serving.

The Labor Department contracted with MDRC and ABT Associates to undertake an impact evaluation of how JTPA normally operates. The interim results suggest that JTPA may not be effective for youth and may be only marginally effective for adults. We are not completely surprised by the ABT findings, given the results of our prior work and the fact that the average JTPA participant remains in the program 18 weeks.

From our prior work, we noted that SDA's appeared to be following a low-risk approach to serving the economically disadvantaged. Those who were least ready to enter the job market were provided the least-intensive services. That is, they were less likely to receive occupational training than other groups. When they did receive such training, they received fewer training hours and were less likely to be trained in higher-skilled jobs.

We concluded that those who received training in higher occupational skills, regardless of how job ready they were, tended to get better jobs than those who received other training services. We also noted that performance-based incentive services can encourage employers to steer certain participants into low-wage training.

A major premise for JTPA and other training programs is that services provided should make a difference. Since the ABT study did not compare alternative service approaches, we believe that additional impact evaluations are needed to provide policymakers with information on how best to serve the disadvantaged and to maximize program resources.

Mr. Chairman, concerning the recent changes to JTPA, we, too, agree that the changes will help to improve JTPA.

First, the amendments require that at least 65 percent of those served be economically disadvantaged and have one or more employment barriers, such as being a dropout or on welfare.

Second, the amendments require SDA's to not only objectively assess the needs of each participant, but to develop and implement an individual service strategy.

While these provisions should help, we still believe that independent participant assessments are needed to eliminate the potential bias that exists when service providers with vested interests are responsible for performing these assessments.

Third, the recent Labor Department initiative to expand JTPA's data-collection efforts should further enhance program management. Expanded information on participants will allow program managers to better determine the program outcomes achieved from different training interventions for various groups of individuals. Program officials can also use the data to help make regional and State-level comparisons and to identify locations that may be in need of technical assistance.

The above modifications are good. However, effective implementation is critical. Since the start of JTPA, the Labor Department has followed a hands-off approach. Our previous work has shown that Labor's passive approach has resulted in program inconsistencies and problems going undetected.

For example, we found that, in some SDA's, administrative costs exceeded limitations by 68 percent, excessive amounts of OJT—on-the-job training funds—were approved in 73 percent of the low-skill contracts, and that improper or unsupported payments were made to service providers in two-thirds of the SDA's sampled.

Mr. Chairman, concerning the need for a comprehensive Federal training strategy, JTPA is the Federal Government's largest employment assistance program for the economically disadvantaged, but it is not the only one. Federal efforts to upgrade the skills of the disadvantaged are carried out through 65 different programs that are administered by 13 departments and independent agencies and funded at over \$11 billion annually.

These myriad programs do not function as a comprehensive, cohesive system, but often operate in isolation. We are currently conducting several studies on behalf of the Congress that will look at some of these issues.

In addition, the 1992 amendments to JTPA reflect the need for coordination by establishing State resource investment councils that are aimed at coordinating services and funds for programs such as JTPA, adult education, and the jobs, opportunities, and basic skills programs. However, State compliance with these provisions is voluntary and State councils on vocational education may elect not to participate.

Several States and local communities, as you had mentioned, have undertaken self-initiated efforts to better coordinate and more effectively provide services to those who are in need. These entities have launched their initiatives despite substantial barriers, such as conflicting program requirements, differing target populations, and staff resistance.

By way of example, the State of Massachusetts concluded that its 35 Federal employment and training related programs were operating largely in isolation and, in 1988, the State launched an effort to address this problem.

The administration has proposed, in its fiscal year 1994 budget, a strategy based on the concept of one-stop career centers. While the specifics are yet to be identified, this concept could be an important step in rationalizing employment and training assistance in the United States.

Mr. Chairman, this concludes my testimony, and I will be happy to answer any questions that you or members of the subcommittee may have. Thank you.

[The prepared statement of Mr. Crawford follows:]

United States General Accounting Office

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**GAO**

**Testimony**

Before the Subcommittee on Employment,  
Housing, and Aviation  
Committee on Government Operations  
House of Representatives

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For Release on Delivery  
Expected at 9:30 a.m., EDT  
Thursday, April 29, 1993

**THE JOB TRAINING  
PARTNERSHIP ACT**

**Potential for Program  
Improvements But  
National Job Training  
Strategy Needed**

Statement of Clarence C. Crawford, Associate Director  
Education and Employment Issues  
Human Resources Division



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GAO/T-HRD-93-18

SUMMARY OF TESTIMONY BY CLARENCE C. CRAWFORD  
JOB TRAINING PARTNERSHIP ACT  
POTENTIAL FOR PROGRAM IMPROVEMENTS BUT NATIONAL JOB  
TRAINING STRATEGY NEEDED

Title IIA of the Job Training Partnership Act (JTPA) provides job training and employment seeking skills to economically disadvantaged individuals who need training and other labor market services to obtain employment. Although JTPA has been viewed as relatively successful in placing participants in jobs, a recent study raises questions about whether the program is as effective as it could be. In our view, the effective implementation of the 1992 amendments to JTPA, coupled with an increased emphasis on program evaluation and a national strategy to eliminate confusion and duplication among the myriad training programs, could substantially improve the program.

**JTPA PERFORMANCE AND EFFECTIVENESS.** JTPA has consistently placed the majority of those receiving services in jobs and, thus, generally has been viewed as successful. However, a recent study indicates that the program is only marginally increasing the earnings and employment of certain client groups above comparable nonparticipating groups, and thus is of limited effectiveness. What is unknown is which training services make the greatest difference in improving the employment opportunities for various groups of participants. Evaluations are needed to determine which treatments make a difference.

**RECENT CHANGES TO JTPA.** The 1992 amendments to JTPA, along with a Department of Labor data collection initiative, have the potential to substantially improve the JTPA program by providing specific guidance on program targeting, an objective assessment and training plan for all participants, and more meaningful and comprehensive data on program operations. However, effective implementation of these changes is critical to success. In so doing, Labor should assume a more active role than it has taken in the past and provide detailed guidance to ensure that the new requirements are strictly followed and use its expanded data system to better manage the program. Labor also should continue to fund studies aimed at assessing JTPA's impact.

**NEED FOR A NATIONAL TRAINING STRATEGY.** JTPA is one of 65 federal programs that spent over \$11 billion in fiscal year 1991 on employment and training services for the economically disadvantaged. These programs do not function as a comprehensive, cohesive system, but often operate in isolation. Because of the myriad programs, the effective implementation of changes to JTPA alone will not assure that the training needs of the economically disadvantaged are addressed. Needed is an overall employment and training strategy at the federal level and, at the state and local level, a streamlined approach to eliminate duplication and confusion and ensure efficient and effective delivery of services. In this respect, the administration's proposal for "one-stop career centers" may prove to be an important step toward rationalizing employment assistance in this country.

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss with you the effectiveness of title IIA of the Job Training Partnership Act (JTPA) in meeting the employment and training needs of economically disadvantaged adults and youth. Although JTPA is the nation's primary federally funded employment and training program, it is but one of many programs often operating in isolation and creating a difficult maze for service providers and those who need and are seeking assistance. We have identified 125 federal programs that are administered by 14 departments or independent agencies, spending over \$16 billion annually providing employment and training services.<sup>1</sup> Sixty-five of these programs, including JTPA, spend about \$11 billion to serve the economically disadvantaged.

My testimony today will focus on title IIA of JTPA, a program that spends about \$1.8 billion a year to provide employment and training services to economically disadvantaged adults and youths.<sup>2</sup> I will also be focusing on the effectiveness of JTPA; the likely impact of recent changes to JTPA on its effectiveness; and improvements needed in JTPA, as well as in the overall federal response to the employment and training needs of the economically disadvantaged. My testimony is based on our previous and ongoing efforts related to title IIA specifically, and employment and training programs, in general, as well as a recent national study of JTPA prepared for the Department of Labor. These efforts indicate that, although JTPA has been relatively successful in terms of the number of participants who are initially placed in jobs upon leaving the program, the program may not be substantially improving the earning potential of the economically disadvantaged in this country.

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<sup>1</sup>Letter to the Chairman, Senate Committee on Labor and Human Resources (GAO/HRD-92-39R, July 24, 1992).

<sup>2</sup>The act also includes title IIB, a summer youth employment and training program, and title III, an assistance program for dislocated workers. The 1992 amendments to JTPA transferred year-round services for youth under title IIA to a separate youth program under a newly created title IIC.

However, the recently enacted amendments to JTPA have the potential to substantially improve the delivery of employment and training services and program outcomes, if they are effectively implemented. These amendments alone, however, will not ensure that the job seeking skills and employment opportunities of the most needy are enhanced. Major challenges lay ahead for the Congress and the administration in addressing the multitude of employment and training programs aimed at the economically disadvantaged. Reducing the number of federal employment and training programs could help the coordination of local services, but it is unlikely that the number of programs will be significantly reduced any time soon. A comprehensive, overall employment and training strategy that fosters coordination among the many federal programs is needed. Such a strategy should continually seek more effective methods of providing services to the economically disadvantaged by trying alternative approaches and evaluating their impact.

#### BACKGROUND

JTPA title IIA provides job training and employment seeking skills to economically disadvantaged individuals who need training and other labor market services to obtain employment. It has been funded at about \$1.8 billion annually since implementation. Although Labor has overall responsibility for the program, JTPA is highly decentralized, with most participants receiving job training services through programs administered by the 56 states and territories and over 600 local programs called service delivery areas (SDAs).

SDAs provide employment and training services either directly or through agreements or contracts with other service providers. JTPA services include occupational training and basic education, normally provided in a classroom setting,

on-the-job training (OJT), and work experience.<sup>3</sup> On average, participants are in the program about 18 weeks.

Generally speaking, individuals are eligible for JTPA if they are economically disadvantaged--people in this group are defined primarily by household income but this group also includes welfare and food stamp recipients and the handicapped. In the fall of 1992, the first comprehensive reforms to JTPA were enacted to improve the delivery of services to hard-to-serve persons as well as to make other program improvements. Before these amendments, the act provided only general guidance on how the program was to be targeted. The act stated that services were to be provided "to those who can benefit from, and who are most in need of" them, and that local programs are to "make efforts to provide equitable services among substantial segments of the eligible population." The lack of specific direction led to concern among some in the employment and training community about whether JTPA was serving the right individuals in the eligible population. The 1992 amendments provide additional direction on targeting by requiring that the majority of funds be targeted on hard-to-serve individuals; that is, those with specifically listed barriers to employment, such as being a school dropout or on welfare.

JTPA is a performance-oriented program. The act requires the Secretary of Labor to establish national performance standards against which the performance of individual SDAs is measured. JTPA provides for rewards to SDAs that exceed these standards and for sanctions for those that fail to meet them for 2 years. For the most part, the performance standards measure the extent to which SDAs place all participants, as well as those on welfare, in jobs and the wages they receive.

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<sup>3</sup>Work experience is a training activity consisting of short-term or part-time work designed to develop good work habits and basic work skills.

### JTPA PERFORMANCE AND EFFECTIVENESS

JTPA is viewed as a relatively successful program because the majority of those who participate receive a job upon leaving the program. Yet a recent study<sup>4</sup> raises questions about whether the program is effective; that is, does it make a difference in the employment and earnings of those who were assigned to participate.

Beginning with the first full year of program operations in 1984, JTPA has placed over 60 percent of its participants in jobs each year and, with few exceptions, has met or exceeded its performance standards program-wide. The performance standards measure how well SDAs are placing people in jobs and at what wage, at one moment in time.<sup>5</sup> While the standards provide some indication of performance and short-term program outcome, they do not provide an assessment of the program's overall impact on the people it is serving.<sup>6</sup>

A recently released study of JTPA suggests that title IIA may not be effective for youth participants and may be only marginally effective for adults. The Department of Labor contracted with MDRC and Abt Associates Inc. to undertake an impact evaluation of title IIA of JTPA, as it normally operates. Their interim results provide some measure of the effects of JTPA services on the employment and

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<sup>4</sup>The National JTPA Study: Title IIA Impacts on Earnings and Employment at 18 Months, Abt Associates Inc. (Jan. 1993).

<sup>5</sup>In the past, this had been at the time an individual left the program but more recently this was changed to 13 weeks after leaving the program.

<sup>6</sup>Impact refers to what outcomes JTPA participants achieve, in terms of employment and wages, as compared with what they would have achieved on their own, without the program. Program impact can be measured by comparing the status of two identical groups of people whose only difference is that one group enrolled in JTPA and the other did not. The use of an evaluation methodology known as random assignment, in which eligible individuals are randomly assigned to receive JTPA services or to a control group not receiving such services, is believed to yield the most accurate estimate of program impact.

earnings outcomes for program participants<sup>7</sup> when compared with nonparticipants. The study results indicate a modest gain in earnings for adult women of \$539 for an 18-month period and an employment gain of a little over 2 percent. The earnings gain for adult men was not significant, but they had about a 3 percentage point employment gain. The study showed that out-of-school male youths (16 to 21 years old) enrolled in JTPA earned \$854 less than nonenrollees.<sup>8</sup>

We were not completely surprised by the results from the Abt study, given the results from our previous work. We noted that the SDAs appeared to be following a low-risk approach to serving the economically disadvantaged<sup>9</sup>. Those who were less ready to enter the job market were provided less intensive services; that is, they were less likely to receive occupational training than other groups. When they did receive such training, they received fewer training hours and were less likely to be trained in higher skill jobs. Furthermore, they were as apt to receive only job search assistance as other groups. Because training costs likely increase with the intensity of services, it appears that less JTPA funds were being spent on behalf of those less job ready. However, we concluded that those who received training in higher skill occupations, regardless of how ready they were to enter the world of work, tended to get better jobs at higher wages than those who received other training services. We noted in another study, on racial and gender disparities in JTPA services, that performance-based financial incentives can encourage service providers to steer certain participants into low-risk training and away from higher

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<sup>7</sup>Findings reported from the Abt study refer to results for program assignees, that is, those for whom JTPA services were made available

<sup>8</sup>Almost all of the negative impact on earnings is concentrated in youth who reported having an arrest record.

<sup>9</sup>Job Training Partnership Act: Services and Outcomes for Participants With Differing Needs (GAO/HRD-89-52, June 9, 1989) and Job Training Partnership Act: Youth Participant Characteristics, Services, and Outcomes (GAO/HRD-90-46BR, Jan. 24, 1990).

risk training activities.<sup>10</sup> For example, some service providers are reluctant to train women in nontraditional occupations because of higher costs and higher risks of not being placed in a job upon completion.

A major premise of JTPA or any training and education program is that the services provided will make a difference. Overall, JTPA appeared to only marginally improve employment and earnings gains for certain segments of those it served. The Abt study did not compare results obtained using alternative service approaches for the hard-to-serve population that is targeted by JTPA. Therefore, the analysis cannot tell which services work best. Given that billions of dollars are being spent annually on the economically disadvantaged, it is important to know definitively which treatments make a difference. In our opinion, such information is essential to policymakers in making decisions on how to best serve the disadvantaged and to maximize program resources. Therefore, additional evaluations of the program's impact are necessary.

#### RECENT CHANGES TO JTPA

Key provisions of the recently enacted amendments to JTPA, coupled with a new data collection initiative by the Department of Labor, should go a long way toward improving JTPA. These modifications will address program shortcomings, namely, (1) the lack of specific guidance on whom JTPA should target for services; (2) the need for objective assessments of participants' training needs and developing a plan to address those needs; and (3) the need for a more meaningful and comprehensive database on who is being served, the services they get, and their program outcome. We believe that these changes have the potential to improve JTPA.

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<sup>10</sup>Job Training Partnership Act: Racial and Gender Disparities in Services (GAO/HRD-91-148, September 20, 1991).

The amendments, which for the most part become effective July 1, 1993, were the first comprehensive modifications to the program since its implementation in 1983. The amendments require that at least 65 percent of those served, in addition to being economically disadvantaged, have one or more barriers to employment, such as being a school dropout or on welfare. Our previous work indicated that JTPA was not targeting services to any particular group and those with the greatest need for services were oftentimes provided the least amount of training services. The amendments also require that an objective assessment of the skill levels and service needs of each participant be carried out and that an individual service strategy be developed that identifies employment goals, achievement objectives, and appropriate services. These provisions should help ensure that the program emphasizes services to those with more barriers to employment (and presumably a greater need for JTPA) and that the services they receive are appropriate for them to succeed in the labor market. However, we believe that a need still exists for independent participant assessments to eliminate the potential bias that exists when service providers, with vested interests in the assessment results, are responsible for performing these evaluations.

A recent Labor initiative to expand its JTPA data collection requirements should further enhance program management by enabling Labor to accumulate detailed information on the scope of services and the nature of employment that JTPA is providing to its participants, particularly the hard-to-serve. Current reporting requirements provide no information on the kinds of jobs that various groups of participants receive after program participation or the nature of the occupational training and supportive services that may have contributed to different outcomes. Labor's expanded data system, to be implemented on July 1, 1993, will provide program officials with information on who is served (in terms of their demographic characteristics and barriers to employment), the kinds of services they receive (including the number of hours of training), and their outcome at program termination (including their specific occupation, if placed in a job). This

information will allow program managers to determine the program outcome achieved from different training interventions for various groups of individuals. Program officials can also use the data to make regional, state, and local level comparisons and make judgments about SDAs and states where technical assistance may be needed to improve program performance.

While the above modifications are designed to better measure and monitor program performance, effective implementation of these changes is critical to success. Since implementing JTPA, Labor has largely followed a "hands off" approach with respect to carrying out the program, and has assumed a role of providing overall policy guidance, technical assistance, and limited oversight. Our previous work has shown that Labor's passive approach has allowed SDAs considerable autonomy and discretion in carrying out the programs.<sup>11</sup> While there may be some advantages to this approach, it has also resulted in program inconsistencies and problems at the state and local level going undetected, especially with respect to oversight and monitoring JTPA program operations. For example, we found that limits on administrative costs were circumvented, excessive amounts of OJT were approved, and improper or unsupported payments were made to service providers. In our view, in order for the recent changes to JTPA to be fully effective, Labor must take a more active role in their implementation by providing detailed guidance to ensure that the new requirements are strictly followed and by using its expanded data system to better manage the program. This, however, should not be viewed as a substitute for program evaluation and Labor should continue to fund studies to assess JTPA's impact.

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<sup>11</sup>Job Training Partnership Act: Inadequate Oversight Leaves Program Vulnerable to Waste, Abuse, and Mismanagement (GAO/HRD-91-97, July 30, 1991).

**NO COMPREHENSIVE FEDERAL TRAINING STRATEGY  
FOR ASSISTING THE DISADVANTAGED**

JTPA is the federal government's largest employment assistance program for the economically disadvantaged, but it is not the only one. Therefore, the effective implementation of changes to JTPA alone will not assure that the training needs of the economically disadvantaged are addressed. Federal efforts to upgrade the skills of disadvantaged adults and out-of-school youth to help them get the necessary skills to enter the mainstream work force are carried out through 65 different programs. These programs are administered by 13 federal departments and independent agencies, with funding of \$11.5 billion in fiscal year 1991. These myriad programs do not function as a comprehensive, cohesive system, but often operate in isolation. Absent at the federal level is an overall employment and training strategy that coordinates and integrates existing programs. Needed at the state and local level is a streamlined approach that will (1) eliminate the duplication of services and the confusion among the disadvantaged caused by the current nonsystem and (2) ensure efficient and effective delivery of services.

We have ongoing work that is looking into several aspects of the multiple employment programs issue. For example, we will be determining the extent to which programs have the information and means to judge their effectiveness and whether impact evaluations have been performed. Also, we are looking at possible barriers to coordination of services and the extent to which employment assistance programs--which may be adjuncts to other programs without an employment assistance objective--are duplicating services of other major programs.

The 1992 amendments to JTPA recognize the need for coordination by establishing state human resource investment councils. These councils are aimed at coordinating the provision of services and the use of funds for human resource programs such as JTPA, adult education programs, and the Job Opportunities and Basic Skills

program. However, state compliance with this provision is voluntary, and the state councils on vocational education may elect not to participate in such councils.

Several states and local communities have undertaken self-initiated efforts in an attempt to better coordinate and more effectively provide employment assistance using the multiple programs available within their boundaries. These entities have launched their initiatives despite substantial barriers to change, such as conflicting program requirements, differing target populations, and staff resistance. In general, the approaches are designed to (1) improve access to services, (2) reduce client confusion, (3) improve independent assessments, (4) reduce duplication of services, and (5) improve the ability to track clients.

While we have not examined these efforts in detail, they appear promising. By way of example, the State of Massachusetts concluded that the 35 job training, placement and employment-related education programs operating in the state were running largely in isolation. In 1988, the state legislature enacted a law that established a two-tier approach to service simplification. At the state level, it established a council responsible for (1) planning the use of program resources in an integrated, cohesive manner; (2) determining the effectiveness of each program as well as the system as a whole; and (3) making the system more responsive to the needs of business and program trainees. At the local level, 16 regional boards, made up of representatives from the education and employment community, were established to oversee the system's implementation. The boards operate as a focal point for determining which programs should operate within their region and how the programs should be carried out.

We believe that there is a need, especially in today's climate of fiscal constraint, for a simplified system that complements and supplements the common goal of assisting the economically disadvantaged, limits the confusion for those seeking services, and eliminates wasteful federal spending for duplicative services. Developing a

coordinated and simplified approach will require a look at how federal programs could work together as a system to more effectively provide employment training assistance to the disadvantaged.

The administration has proposed, in its fiscal year 1994 budget, a strategy based on the concept of "one-stop career centers". While information on the proposal's specifics is not yet available, this could be an important step toward rationalizing employment assistance in the United States. The career centers would serve people in need of career counseling; assessment; occupational information; job referral; and training, employment, and related community services. They would offer easier access to the confusing array of federal programs and services for adults seeking to change jobs or careers or to upgrade their skills. We hope this will turn out to be an initiative that can substantially improve program coordination and effectiveness.

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Mr. Chairman, this concludes my testimony. I will be happy to answer any questions that you or members of the Subcommittee might have.

(205250)

Mr. PETERSON. Thank you, Mr. Crawford. Mr. Orr.

**STATEMENT OF LARRY L. ORR, PROJECT DIRECTOR,  
NATIONAL JTPA STUDY, ABT ASSOCIATES, INC.**

Mr. ORR. Mr. Chairman, members of the committee, I am Larry Orr from ABT Associates, a private research firm specializing in policy research and program evaluation. I am very pleased to be here to have the opportunity to speak to the committee about our analysis of the effects of JTPA in 16 local service delivery areas across the country.

The national JTPA study provides the first reliable evidence of the impact of JTPA on the educational attainment, employment, and earnings of disadvantaged youths and adults. By "impact," I mean the gains or losses in those outcomes that resulted from participation in the program—what might be termed the program's "value added."

We measured the impacts of the program with a method that is very similar to that used in clinical trials of new drugs. In each SDA, applicants to the program were randomly assigned either to go into the program or to go into a control group that was excluded from the program.

Random assignment assures that the control group does not differ from the program participants in any systematic way except that they were not allowed access to the program. Therefore, any subsequent differences in outcomes between the program participants and the control group can be confidently attributed to the program.

Suppose, for example, that average earnings in the control group were \$10,000 and average earnings of the participants were \$11,000. Our measure of impact would be a \$1,000 earnings gain.

Random assignment is widely viewed as the only reliable way to measure the impact of employment and training programs. For this reason, when the Department of Labor set out to evaluate JTPA in 1986, they specified random assignment as the method of choice. More recently, in the 1992 JTPA amendments, the Congress specified that the methods to be used to evaluate the program should include random assignment.

It is important to note that, while the control group was excluded from JTPA, they were allowed to receive any other education, employment, or training services to which they were otherwise entitled. Thus, the benchmark against which we measure the impacts of JTPA is the other services available in the community, not the total absence of services. This means that our impact estimates measure the incremental impact of JTPA over and above the effects of other services the participants would have received in the absence of the program.

This study is based on a sample of over 20,000 adults and out-of-school youths who applied to JTPA title II-A in the 16 study sites over a 22-month period from 1987 to 1989. The results currently available follow the sample for 18 months after random assignment.

We performed separate analyses for adult men, adult women, male out-of-school youths, and female out-of-school youths. We did not study in-school youths. Within each of these groups, we exam-

ined the experience of three different "service strategy" subgroups: Those recommended for classroom training in occupational skills; those recommended for on-the-job training; and those recommended for less intensive services, such as job search assistance, basic education, and job-readiness training.

For adults, the major findings were:

First, for both adult men and adult women, JTPA approximately doubled the rate of attainment of a high school credential—that is, either a high school diploma or a GED—during the followup period; second, the on-the-job training service strategy significantly raised the earnings of both men and women. We estimate that the program increased the earnings of adult JTPA enrollees in this subgroup by about \$900 per year; third, the classroom training service strategy significantly increased the earnings of adult women in the post-program period but had no statistically significant effect on the earnings of adult men. The adult women in this subgroup who enrolled in JTPA experienced annualized earnings gains of about \$900 in the last 6 months of the followup period.

Finally, neither the women nor the men recommended for less intensive services experienced any statistically significant earnings gains during the followup period.

For out-of-school youths, the principal results were:

First, the program increased the proportion of male youths who attained a high school credential from 14 percent of all dropouts to 24 percent. Similarly, it raised the percentage of female youths receiving a high school credential from 17 percent of all female dropouts to 29 percent; however, the program had no statistically significant positive effects on the earnings of any of the youth subgroups; in fact, enrollment in JTPA actually reduced the earnings of male youths recommended for on-the-job training and less intensive services by amounts on the order of \$1,200 to \$1,500 per year. Further analysis revealed that these earnings losses were almost entirely concentrated among male youths who reported that they had been arrested prior to entry into the program. This subgroup constituted 25 percent of the male youths and only about 2 percent of the overall sample.

Overall, then, the program appears to have had positive effects on the educational attainment of all demographic subgroups; modest positive effects on the earnings of adults, especially in the on-the-job training subgroup; and no effect on the earnings of youths, except for male youths who had been arrested prior to entry into the program, whose earnings were actually reduced as a result of participating in the program.

In viewing these results, it is important to bear several things in mind: First, the 16 study sites are not necessarily representative of the Nation, although they do reflect the diversity of programs found across the country; second, the program experience on which the study is based occurred in 1987 to 1989, and a number of changes have taken place in the program since that time, most notably the 1992 amendments; third, our results are restricted to the JTPA titles serving disadvantaged workers and our sample did not include in-school youths; and fourth, these findings cover only the first 18 months after program entry. Some of these results could change with longer followup.

Finally, it will be important to consider these program impacts in relation to the costs of the program. In our final report to be released later this year, we will extend the followup period to 30 months and will present a comprehensive analysis of program costs as well as benefits.

The national JTPA study was designed to measure the effects of JTPA as it normally operates in order to identify those parts of the program that are performing well and those that are not. We believe that the study was successful in doing this.

The study was not designed to tell us how to improve the program. To do that would have required testing new service approaches. That would have changed the way the program operated and run counter to the objective of evaluating the program as it normally operates.

Thus, I cannot tell you today how to make the program work better for out-of-school youths or for adults currently receiving less intensive services. What I can tell you is that these are the areas in which efforts to improve the program should focus.

In order to decide what should be done in these areas, I strongly recommend further research along the following lines.

First, I recommend that the Department of Labor look very closely at the way the JTPA serves male youths with an arrest record, in order to attempt to discover why the program is having an adverse effect on this group.

Second, I recommend that alternative methods of serving adults currently receiving nonintensive services and all youths be developed and rigorously evaluated. I cannot overstate the importance of rigorous evaluation of new approaches to serving these groups. Experience has demonstrated that simply trying out alternative program strategies without rigorous evaluation is not enough. Nearly 10 years ago, a National Academy of Sciences committee reviewed some 400 reports on a wide range of youth employment and training demonstrations and concluded: "Despite the magnitude of the resources ostensibly devoted to the objectives of research and evaluation, there is little reliable information on the effectiveness of the programs in solving youth employment problems." I would submit that that statement is still true today.

Finally, in order to continuously monitor the effectiveness of the program and to determine whether any of the changes in the program since the period we studied have substantially changed the effects of the program, it is important to periodically evaluate the existing program, using methods similar to those used in the national JTPA study. In this connection, I should note that the Department of Labor has already issued a request for proposals for a follow-on study. I would hope that this study could, in some measure, address all of the issues I have mentioned.

I realize that the Congress does not have the luxury of waiting several years for more research to be conducted, but must act now on the best available information. At the same time, I think it is important to invest in getting better evidence so that when these same issues arise 5 or 10 years from now, we are in a better position to address them.

Mr. Chairman, I want to thank you again for the opportunity to tell you about the national JTPA study. Copies of a more detailed summary of the study are available, and I would be glad to respond to any questions.

[The prepared statement of Mr. Orr follows:]



Associates Inc.

**Statement to the Government Operations Subcommittee  
on Employment, Housing and Aviation  
U.S. House of Representatives  
April 29, 1993**

Dr. Larry L. Orr  
Project Director, National JTPA Study  
Abt Associates Inc.

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I'm Larry Orr, from Abt Associates. I am very pleased to have this opportunity to speak to the Committee about our analysis of the effects of Job Training Partnership Act (JTPA) programs in sixteen local Service Delivery Areas (SDAs) across the country.<sup>1</sup>

#### The National JTPA Study

The National JTPA Study provides the first reliable evidence of the impact of JTPA on the educational attainment, employment, and earnings of disadvantaged youths and adults. By "impact", I mean the gains or losses in these outcomes that resulted from participation in the program--what might be termed the program's "value added".

We measured the impacts of the program with a method that is very similar to that used in clinical trials of new drugs. In each SDA, applicants to the program were randomly assigned either to go into the program or to go into a control group, which was excluded from the program. Random assignment assures that the control group does not differ from the program participants in any systematic way except that they do not have access to the program. Therefore, any subsequent difference in outcomes between the program participants and the control group can be confidently attributed to the program. Suppose, for example, that average earnings in the control group were \$10,000 and the average earnings of participants were \$11,000. Our estimate of the impact of the program would be a \$1,000 earnings gain.

Random assignment is widely viewed as the only reliable way to measure the impact of employment and training programs. For this reason, when the Department of Labor set out to evaluate JTPA in 1986, they specified random assignment as the method of choice. More recently, in the 1992 JTPA amendments, Congress specified that the methods to be used to evaluate the program should include random assignment.

It is important to note that, while the control group was excluded from JTPA, they were allowed to receive any other education, employment, or training services to which they were otherwise entitled. Thus, the benchmark against which we measure JTPA is the other services

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<sup>1</sup> The National JTPA Study was conducted by Abt Associates and the Manpower Demonstration Research Corporation, under contract to the U.S. Department of Labor.

available in the community, not the total absence of service. This means that our impact estimates measure the incremental effects of JTPA, over and above the effects of services the participants would have received in the absence of the program.

This study is based on a sample of over 20,000 adults and out-of-school youths who applied to JTPA Title II-A in the sixteen study sites over a 22-month period from 1987 to 1989. Two-thirds of the sample were randomly assigned to go into the program and one-third were assigned to the control group. We collected data on educational attainment, employment, and earnings from both groups through a followup survey. The results currently available follow the sample for 18 months after random assignment.

### The Main Findings

We performed separate analyses for adult men, adult women, male out-of-school youths (age 16-21) and female out-of-school youths. (We did not study in-school youths.) Within each of these groups, we examined the experience of three different "service strategy" subgroups: those recommended for classroom training; those recommended for on-the-job training; and those recommended for less intensive services, such as job search assistance, basic education, and job-readiness training.

For adults, the major findings were:

- For both adult men and adult women, JTPA approximately doubled the rate of attainment of a high school credential (either a high school diploma or a GED) during the followup period;
- The on-the-job training service strategy significantly raised the earnings of both men and women. We estimate that the program increased the earnings of adult JTPA enrollees in this subgroup by about \$900 per year;<sup>2</sup>
- The classroom training service strategy significantly increased the earnings of adult women in the post-program period, but had no statistically significant effect on the earnings of adult men. The adult women in this subgroup who enrolled in JTPA experienced annual earnings gains of about \$900 in the last six months of the followup period; and,

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<sup>2</sup> Among those randomly assigned to the program, 64 percent enrolled in JTPA. The estimates presented here are our best estimate of the impact of the program on these enrollees.

Neither the women nor the men recommended for less intensive services experienced statistically significant earnings gains over the followup period.

For out-of-school youths, the principal results were:

The program increased the proportion of male youths who attained a high school credential from 14 percent of all dropouts to 24 percent. Similarly, it raised the percentage of female youths achieving a high school credential from 17 percent of all female dropouts to 29 percent;

However, the program had no statistically significant positive effects on the earnings of female youths in any of the three service strategy subgroups or male youths in the classroom training subgroup;

Enrollment in JTPA actually reduced the earnings of male youths recommended for on-the-job training and less intensive services by \$1,200 to \$1,500 per year. Further analysis revealed that these earnings losses were almost entirely concentrated among male youths who reported that they had been arrested at some time before applying to the program. This subgroup constituted 25 percent of the male youths, and only about 2 percent of the overall sample.

Overall, then, the program appears to have had positive effects on educational attainment for all demographic subgroups; modest positive impacts on the earnings of adults, especially in the on-the-job training subgroup; and no effect on the earnings of youths, except for male youths who had been arrested, whose earnings were reduced as a result of participating in the program.

In viewing these results, it is important to bear in mind several things. First, the sixteen study sites are not necessarily representative of the nation, although they do reflect the diversity of programs found across the country. Second, the program experience on which the study is based occurred in 1987-89; a number of changes have taken place in the program since that time, most notably the 1992 amendments. Third, our results are restricted to the JTPA title serving disadvantaged workers and our sample did not include in-school youths. Fourth, these findings cover only the first 18 months after program entry; some of these results could change with longer followup. Finally, it will be important to consider these program impacts in relation to the costs of the program. In our final report to be released later this year, we will extend the analysis to 30 months and will present a comprehensive analysis of program costs and benefits.

### Implications and Recommendations

The National JTPA Study was designed to measure the effects of JTPA as it normally operates, in order to identify those parts of the program that are performing well and those that are not. We believe that the study was successful in doing this.

The study was not designed to tell us how to improve the program. To do that would have required testing new service approaches. That would have changed the way the program operated and, therefore, run counter to the objective of evaluating the program as it normally operates.

Thus, I cannot tell you how to make the program work better for out-of-school youths or for adults currently receiving less intensive services. What I can tell you is that these are the areas on which efforts to improve the program should focus.

In order to decide what should be done in these areas, I strongly recommend further research along the following lines. First, I recommend that the Department of Labor look very closely at the way the JTPA serves male youths with an arrest record, in an attempt to discover why the program is having an adverse effect on this subgroup.

Second, I recommend that alternative methods of serving adults currently receiving non-intensive services and all youths be developed and rigorously evaluated. I cannot overemphasize the importance of rigorous evaluation of new approaches to serving these groups. Experience has demonstrated that simply trying out alternative program strategies without rigorous evaluation is not enough. Nearly ten years ago, a National Academy of Sciences committee reviewed some 400 reports on a wide range of youth employment and training demonstrations and concluded, "Despite the magnitude of the resources ostensibly devoted to the objectives of research and evaluation, there is little reliable information on the effectiveness of the programs in solving youth employment problems."<sup>3</sup>

Finally, in order to continuously monitor the effectiveness of the program and to determine whether any of the changes in the program since the period we studied have substantially changed the effects of the program, it is important to periodically evaluate the

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<sup>3</sup> Betsey, Charles L., Robinson G. Hollister, and Mary R. Papageorgiou. 1985. *Youth Employment and Training Programs: The YEDPA Years*. Committee on Youth Employment Programs, Commission on Behavioral and Social Sciences and Education, National Research Council. Washington, D.C.: National Academy Press.

existing program, using methods similar to those used in the National JTPA Study. In this connection, I should note that the Department of Labor has already issued a request for proposals for a follow-on study. I would hope that this study could, in some measure, address all of the issues I have mentioned here.

I realize that the Congress often does not have the luxury of waiting several years for more research to be conducted, but must act now on the best evidence available. At the same time, I think it is important to invest in getting better evidence so that when these same issues arise five or ten years from now, we are in a better position to address them.

I want to thank you again for this opportunity to tell you about the National JTPA Study. I have brought copies of a more detailed summary of the study for anyone who would like one, and I will be glad to respond to any questions.

**Abt**

**The National JTPA Study**

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**Title IIA Impacts on Earning  
and Employment at 18 Months**

**Howard S. Bloom  
Larry L. Orr  
George Cave  
Stephen H. Bell  
Fred Doolittle**

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**January 1993**

Prepared for the U.S. Department of Labor

Abt Associates Inc.

## Executive Summary

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**T**HE National JTPA Study was commissioned by the Employment and Training Administration of the U.S. Department of Labor (DOL) in 1986 to measure the impacts and costs of selected employment and training programs funded under Title II-A of the Job Training Partnership Act of 1982, which is targeted to serve economically disadvantaged Americans. This report presents interim estimates of program impacts on the earnings and employment of adults and out-of-school youths in 16 local service delivery areas during the first 18 months after their acceptance into the program.

Estimates of longer term program impacts on earnings, employment, and welfare benefits, and an analysis of program costs and benefits, will appear in the final report of the study (forthcoming, from Abt Associates Inc.). A companion report on the study's implementation (Doolittle, forthcoming) describes the JTPA programs operated in the study sites and the types of JTPA-funded services provided to members of the study sample.

### The National JTPA Study

This study grew out of the recommendations of the Job Training Longitudinal Survey Advisory Panel, a group of nationally recognized experts in employment and training research formed to advise DOL on the evaluation of JTPA (Stromsdorfer et al., 1985). After reviewing evaluations of Comprehensive Employment and Training Act (CETA) programs, the panel concluded that the only reliable way to measure the impacts of employment and training programs was to conduct a classical experiment, in which

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program applicants are randomly assigned either to a *treatment group*, which is allowed access to the program, or to a *control group*, which is not. Random assignment assures that the two groups do not differ systematically in any way except access to the program. Thus, subject only to the uncertainty associated with sampling error, any subsequent differences in outcomes between the two groups can confidently be attributed to the program. These differences are termed *program impacts*.

Although random assignment designs have been used to evaluate a number of demonstration projects and state programs, the Employment and Training Administration was the first federal agency to apply this approach to an ongoing national program. Because of its rigorous design, the National JTPA Study provides the first reliable estimates of the impacts of the largest employment and training program sponsored by the federal government.

In the National JTPA Study 20,601 JTPA applicants in 16 service delivery areas (SDAs) across the country were randomly assigned to the treatment group or the control group over the period November 1987 through September 1989. The earnings and employment outcomes of both groups were then measured through follow-up surveys and administrative records obtained from state unemployment insurance agencies. Data on the baseline characteristics of the two groups were collected as part of the program in process, and information about the employment and training services received was obtained from follow-up surveys and SDA records.

The study sites were not chosen to be representative of the nation in a statistical sense, but they do reflect the diversity of local programs and local environments in JTPA. In particular, the performance of the sites during the study period, as measured by JTPA performance indicators, was not noticeably different from that of all SDAs nationally.<sup>1</sup>

### The 18-Month Impact Analysis

This report provides estimates of the impact of JTPA Title II-A on the earnings and employment of four *target groups*—adult women and men (ages 22 and older) and female and male out-of-school youths (ages 16 to 21)—over the first 18 months after random assignment. Adult women make up 30 percent of the national JTPA population; adult men, 25 percent; and out-of-school youths, 23 percent. In-school youths, who are not included in this study, form the remaining 22 percent.

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1. See Appendix B and Chapter 3 for comparisons of the 16 study sites with all SDAs nationally.

The analysis is based on a subsample of 17,026 sample members whose First Follow-up Survey interview was scheduled at least 18 months after random assignment.<sup>2</sup> For each target group we estimated impacts for a number of different subgroups, defined by the types of program services recommended for them and by their baseline characteristics.

Because the study was designed to measure the effects of JTPA as it normally operates, the analysis investigates which JTPA-funded services were working well for those recommended to receive them; the analysis does not assess possible alternatives to the existing program. By identifying those groups for whom Title II-A is having positive effects and those for whom it is having no effect—or even a negative effect—we hope to help policymakers in their efforts to identify those parts of the program that need improvement. This analysis cannot, however, tell policymakers *how* to improve the program, since it does not compare alternative programs for similar people. Rather, it measures only the effects of the existing program on the people it actually served over the study period.

In the remainder of this Executive Summary we first provide an overview of the estimated effects of the program on the earnings and employment of the four main target groups—adult women and men, and female and male youths. We then present more detailed findings for adult and youth subgroups, in turn, and conclude with implications of the findings for the JTPA program and future research.

### Overall Impacts on Earnings and Employment, by Target Group

JTPA Title II-A had generally positive effects on the earnings and employment of adults in the study sites. As shown in the top panel of Exhibit S.1, access to the program increased the average 18-month earnings of the adult women randomly assigned to the treatment group ("JTPA assignees") by an estimated \$539, or 7.2 percent of the control group mean. Access to the program also increased the percentage of women employed at some time during the follow-up period by 2.1 percentage points. Because these estimates are statistically significant (as indicated by the asterisks beside them), we take them to be reliable evidence of positive impacts on earnings. In this analysis we accept only statistically significant estimates as evidence of real program effects.

The estimated program impacts for adult men—an earnings gain of \$550, or 4.5 percent, and an increase in the percentage employed of 2.8 percentage points—were similar in size to those for adult women, but the estimated impact on earnings was not statistically significant.

2. Within this 18-month study sample, First Follow-up Survey data are available for 14,442 sample members, or 84.8 percent of the sample.

Exhibit S.1 Impacts on Total 18-Month Earnings and Employment: JTPA Assignees and Enrollees, by Target Group

Impact on:	Adults		Out-of-school youths	
	Women (1)	Men (2)	Female (3)	Male (4)
	<i>Per assignee</i>			
Earnings				
In \$	\$ 539 <sup>***</sup>	\$ 550	\$ -182	\$ -854 <sup>**</sup>
As a %	7.2%	4.5%	-2.9%	-7.9%
Percentage employed <sup>a</sup>	2.1 <sup>**</sup>	2.8 <sup>**</sup>	2.8	1.5
Sample size (assignees and control group)	6,474	4,419	2,300	1,748
	<i>Per enrollee</i>			
Earnings				
In \$	\$ 873 <sup>b</sup>	\$ 935 <sup>b</sup>	\$ -294 <sup>b</sup>	\$ -1,356 <sup>b</sup>
As a %	12.2% <sup>b</sup>	6.8% <sup>b</sup>	-4.6% <sup>b</sup>	-11.6% <sup>b</sup>
Percentage employed <sup>d</sup>	3.5	4.8	4.5	2.4

a. At any time during the follow-up period.

b. Tests of statistical significance were not performed for impacts per enrollee.

c. Statistically significant at the .10 level, \*\* at the .05 level, \*\*\* at the .01 level (two-tailed test).

In contrast to the findings for adults, the program had little or no effect on the average earnings of female youths (a statistically insignificant earnings loss of \$-182, or -2.9 percent), and the program actually reduced the earnings of male youths, on average—as evidenced by a large, statistically significant loss of \$-854, or -7.9 percent, over the 18-month period. Access to JTPA had no significant effect on the 18-month employment rates of either female or male youths.

Hence, the findings for the female youths are clear-cut: JTPA had virtually no effect on their earnings or employment. But the findings for male youths are less clear. As shown later in this summary, almost all of the negative average impact on the earnings of male youths is concentrated among those who reported having been arrested between age 16 and random assignment (25 percent of the male youth treatment group).<sup>3</sup> Thus, the estimated impact for most male youths (the 75 percent with no previous arrest) was negligible.

The estimates discussed above are average impacts on the earnings and employment of all sample members assigned to the treatment group. Although all of these assignees

3. Furthermore, as noted later in this summary, there is some question about the large, negative impact estimated for male youths with a previous arrest.

were given access to JTPA, not all of them actually enrolled in the program. The bottom panel of Exhibit S.1 presents our best estimates of program impacts on the earnings and employment of *JTPA enrollees* (assignees who were later enrolled).<sup>4</sup>

Estimated impacts per enrollee—both gains and losses—were about 60 percent to 70 percent larger than impacts per assignee, depending on the target group. The estimated earnings gains of adult women and men who were enrolled in JTPA were \$873 and \$935, respectively. Impacts on youths were earnings losses of \$-294 for females and \$-1,356 for males.<sup>5</sup> The impact of the program on the percentage of enrollees in each target group who were employed ranged from an increase of 2.4 percentage points for male youths to an increase of 4.8 percentage points for adult men.

It is important to understand that the impact per assignee and the impact per enrollee are not two different estimates of the overall effect of the program. They simply spread the total estimated program effect on the sample over a larger group (assignees) or a smaller group (enrollees). Thus, the two sets of estimates are entirely consistent; they just measure different concepts. In the remainder of this Executive Summary, we focus on the estimated impacts per assignee, because they are the most reliable, direct experimental evidence of the effects of the program.

Impacts on earnings reflect program effects on both the amount of time treatment group members worked and how much they were paid per hour worked. Exhibit S.2 shows estimated impacts on the average number of hours worked by assignees and average earnings per hour worked over the follow-up period, expressed as percentages of the corresponding control group means. The percentage impacts on these two *components of earnings* approximately sum to the percentage impact on total earnings per assignee.<sup>6</sup>

4. To derive estimates for enrollees, it was necessary to assume that there was no impact on the earnings and employment of nonenrollees. There is evidence, however, that about half of all nonenrollees had some contact with the program after random assignment and received some—usually minimal—program services. As a result, the estimates in the bottom panel probably overstate somewhat the true impact on enrollees, while the estimated impacts per assignee understate the true impact on enrollees. Thus, the true impact on enrollees probably lies somewhere between these two estimates. The estimates for enrollees also adjust for the fact that 3 percent of the control group became enrolled in JTPA, despite the experiment's embargo on their participation.

5. As was true of the estimated impact per assignee for male youths, the large, negative impact per enrollee for male youths is due almost entirely to a very large estimated impact for those male youth enrollees with a previous arrest.

6. Because the impacts on earnings per hour worked were estimated indirectly, we did not calculate significance levels for these impacts.

Exhibit S.2 Percentage Impacts on Total 18-Month Earnings and Its Components:  
JTPA Assignees and Enrollees, by Target Group

Percentage impact on:	Adult women (1)	Adult men (2)	Female youths (3)	Male youths (4)
Earnings per assignee	7.2%***	4.5%	-2.9%	-7.9%**
Hours worked per assignee	3.7	4.5**	-4.7	-6.8**
Earnings per hour worked	3.4*	0.0*	1.9 <sup>a</sup>	-1.2*
Sample size	6,474	4,419	2,300	1,748

a. Tests of statistical significance were not performed for impacts on earnings per hour worked.  
\* Statistically significant at the .10 level, \*\* at the .05 level, \*\*\* at the .01 level (two-tailed test).

As shown in Exhibit S.2, the 7.2 percent increase in earnings for adult women reflects a combination of a 3.7 percent increase in hours worked and a 3.4 percent increase in average hourly earnings among those who worked. The earnings gain for adult men, on the other hand, was entirely attributable to a 4.5 percent rise in hours worked, with no increase in hourly earnings.

Among female youths a -4.7 percent *reduction* in hours worked more than offset a 1.9 percent *increase* in hourly earnings to produce the negligible impact on total earnings that we saw earlier. Among male youths the -7.9 percent loss in total earnings was primarily attributable to a decrease in hours worked (of -6.8 percent).

Overall, then, JTPA appears to have had modest positive effects on the earnings and employment of adult women and men. But the program appears to have had virtually no effect on the earnings and employment of female youths and most male youths. In contrast, it may have had a large, negative impact on the earnings of those male youths who had been arrested before they applied to JTPA.

When estimated separately by site, positive but generally insignificant earnings effects were obtained in most sites for adult women and adult men, negative but generally insignificant earnings effects were obtained for male youths, and a majority of sites yielded negative but insignificant earnings effects for female youths (not shown here). Thus, the main 18-month earnings findings by target group were found to be widespread across the 16 SDAs in the study. And despite wide variation in the magnitude of these estimated effects, the sites did not differ significantly from one another in the degree to which JTPA affected earnings in any individual target group.

In an attempt to explain the variation in impact estimates across sites, we conducted a limited exploratory analysis of local factors that might influence program impacts. Three types of factors were considered: (1) characteristics of the JTPA programs; (2) prevailing

labor market conditions; and (3) the types of persons accepted into the programs. But no clear patterns emerged from the analysis; and almost all of the findings were statistically insignificant, which is probably due to the small samples at each site and the limited number of sites involved.

### Findings for Subgroups of Adult Women and Men

The impacts presented in the previous section are estimates of the average effects of the program on each target group in the study sample. Because JTPA provides a number of different employment and training services to a wide range of program applicants, it is important to analyze how program impacts varied with the types of services offered and the characteristics of the applicants. In this section we therefore present estimates of program impacts on the earnings of adult subgroups defined by the services that program intake staff recommended for them and by selected personal characteristics.

#### SERVICE STRATEGIES RECOMMENDED

For purposes of this analysis, members of the study sample were classified into three *service strategy subgroups* based on the services that program intake staff recommended for each sample member prior to random assignment.<sup>7</sup> Applicants recommended for classroom training in occupational skills were placed in the *classroom training* subgroup. Those recommended for on-the-job training (OJT) were placed in the *OJT/JSA* subgroup (so named because many of the treatment group members in this subgroup were enrolled in job search assistance while searching for either an on-the-job training position or an unsubsidized job). Because JTPA staff sometimes recommend combinations and sequences of services, applicants placed in either of these subgroups may also have been recommended for any of several other services, including job search assistance, basic education, work experience, or miscellaneous other services. Those applicants recommended for one or more of these services—but neither classroom training in occupational skills nor on-the-job training—were placed in the third subgroup: *other services*.<sup>8</sup>

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7. Service strategy subgroups were defined based on the services recommended rather than the services received for two reasons. First, it was not possible to identify control group members who were comparable to the treatment group members who received particular JTPA services, whereas it was possible to identify control group members who were recommended for the same services as treatment group members. Second, and more fundamentally, since program staff can recommend services but cannot ensure that applicants participate in those services, recommended services represent the operative program decision to be evaluated.

8. A few applicants designated for this other service subgroup were recommended for classroom training in occupational skills or on-the-job training as part of "customized training."

*Exhibit S.3 Service Strategies Recommended:  
Adult JTPA Assignees, by Gender*

<i>Service strategy</i>	<i>Adult women (1)</i>	<i>Adult men (2)</i>
Classroom training	44.0%	24.6%
OJT/JSA	35.0	48.7
Other services	21.0	26.7
Sample size	4,465	3,759

As shown in Exhibit S.3, nearly half of all adult men in the treatment group were recommended for the OJT/JSA service strategy, with the remainder about equally divided between the classroom training and other services strategies. Women were more likely than men to be recommended for classroom training (44 percent versus 25 percent) and less likely to be recommended for OJT/JSA (35 percent versus 49 percent).

It is important to note that program intake staff recommended services based on individual applicants' employment needs and qualifications, as well as their personal preferences. The service strategy subgroups therefore differed from one another not only in terms of the service recommendations but also in terms of personal characteristics.

#### ENROLLMENT RATES AND DURATION, BY SERVICE STRATEGY SUBGROUP

After assessment and recommendation of services, two-thirds of the applicants accepted by intake staff were randomly assigned to the treatment group, which was allowed access to JTPA, and one-third were assigned to the control group, which was excluded from JTPA for 18 months.<sup>9</sup>

As noted above, not all treatment group members would ultimately become enrolled in JTPA. Enrollment rates differed by service strategy subgroup, but overall they were quite similar for adult women and men. Within the treatment group as a whole, 65 percent of adult women and 61 percent of adult men were enrolled in JTPA at some time during the 18-month follow-up period. Enrollment rates were highest in the classroom training subgroup (73 percent and 71 percent for adult women and men, respectively) and lowest in the OJT/JSA subgroup (55 percent and 57 percent).

9. This embargo on services to control group members was successfully implemented. Over the course of the 18-month follow-up period, only 3 percent of control group members became enrolled in JTPA.

The duration of enrollment in the program also differed by service strategy, ranging from a median length of about 2 months for women and men in the OJT/JSA and other services subgroups to median lengths of enrollment of 4 to 6 months in the classroom training subgroup. Generally, there was little difference by gender in the duration of enrollment except that women in classroom training tended to stay in the program about two months longer than men.

#### SERVICES RECEIVED, BY SERVICE STRATEGY SUBGROUP

Within the *classroom training subgroup* the most common JTPA services received by treatment group members who became enrolled in the program were classroom training in occupational skills, basic education, and job search assistance. Enrollees in the *OJT/JSA subgroup* were most likely to receive on-the-job training or job search assistance, or both. In the *other services subgroup* the most common services adults received were job search assistance and miscellaneous services, such as job-readiness training. Exhibit S.4 shows that between 82 percent and 89 percent of the enrollees in each service strategy subgroup received one or both of the two key services characteristic of that service strategy. Thus, the three service strategy definitions represent distinctly different mixes of services actually received, as well as services recommended.

The impacts of the program do not depend solely, however, on the JTPA services received by those in the treatment group. Instead, the impacts reflect the *difference* between the services received by those given access to JTPA and the services they would have received if they had been excluded from the program. That is, the benchmark against which we measure the effects of JTPA is the services available elsewhere in the community, not a total absence of services. Our measure of the services the treatment group would have received if they had been excluded from the program is those received by the control group, who were excluded from the program.

Since we measure impacts per assignee (treatment group member), the relevant comparison is in terms of services per assignee, including those who were never enrolled in JTPA. As expected, the largest treatment-control group difference in the *classroom training subgroup* was in receipt of classroom training in occupational skills. Among adult women 49 percent of the treatment group received this service, whereas only 29 percent of the control group did. Among adult men these figures were 40 percent versus 24 percent.

Adult treatment group members in the *OJT/JSA subgroup* were much more likely than control group members to receive on-the-job training. We estimate that 29 percent of the women and 27 percent of the men in the treatment group in this subgroup received OJT,

*Exhibit S.4 Key JTPA Services Received by Treatment Group Members Who Were Enrolled in the Program: Adults, by Gender and Service Strategy Subgroup*

Key services in service strategy subgroup	% of enrollees receiving one or both services	
	Adult women (1)	Adult men (2)
<i>Classroom training subgroup</i>		
Classroom training in occupational skills/basic education <sup>a</sup>	88.8%	85.5%
<i>OJT/JSA subgroup</i>		
On-the-job training/ job search assistance	87.8%	86.5%
<i>Other services subgroup</i>		
Job search assistance/ miscellaneous <sup>b</sup>	82.3%	88.7%
Sample size	2,883	2,286

a. "Basic education" includes Adult Basic Education (ABE), high school or General Educational Development (GED) preparation, and English as a Second Language (ESL).

b. "Miscellaneous" includes assessment, job-readiness training, customized training, vocational exploration, job shadowing, and tryout employment, among other services.

whereas less than 1 percent of the corresponding control groups received this service, since OJT is typically not funded by non-JTPA providers. We were not able to measure control group receipt of job search assistance from non-JTPA providers, and so we could not estimate the treatment-control group difference for that service.

As noted earlier, the most common JTPA services provided to adults in the *other services subgroup* were job search assistance and miscellaneous services. Around 25 percent of adult treatment group members in this subgroup received the former service, and about 30 percent received the latter. We were unable to measure receipt of these services from non-JTPA providers and therefore cannot estimate the treatment-control group difference.

JTPA did represent a clear increment in the services available elsewhere in the community, at least in the classroom training and OJT/JSA subgroups where we could measure the treatment-control group differential, but this increment was relatively modest.

Among adult women and men the average assignee in the classroom training subgroup received only an additional 95 to 110 hours of classroom training in occupational skills, and the average assignee in the OJT/JSA subgroup likewise received only an additional 104 to 114 hours of on-the-job training.

#### IMPACTS ON EDUCATIONAL ATTAINMENT, BY SERVICE STRATEGY SUBGROUP

An intermediate effect of the increment in services received by treatment group members was an increase in educational attainment among those who were high school dropouts. Dropouts made up around 30 percent of the adult target groups. Our analysis focuses on the *attainment of a training-related high school credential* which we define as both having received a school or training service *and* having received a high school diploma or General Educational Development (GED) certificate at some time during the 18-month follow-up period.

As might be expected, the increase in educational attainment was greatest among those dropouts recommended for the *classroom training* service strategy. Exhibit S.5 indicates that nearly 30 percent of the adult dropouts in the classroom training treatment group received a training-related high school credential, whereas only 11 percent of the control group did—for impacts that were highly significant in the cases of both genders. There were smaller, but still statistically significant, increases in the proportions of female dropouts in the *other services subgroup* and male dropouts in the *OJT/JSA subgroup* who attained a high school credential as a result of the program. But there were no significant effects on educational attainment among women in the OJT/JSA subgroup or men in the other services subgroup.

Exhibit S.5 *Impacts on Attainment of a Training-Related High School Diploma or GED Certificate: Adult JTPA Assignees Who Were High School Dropouts, by Gender*

Service strategy subgroup	Adult women			Adult men		
	% attaining HS/GED		Impact, in % points	% attaining HS/GED		Impact, in % points
	Assignees	Controls		Assignees	Controls	
(1)	(2)	(3)	(4)	(5)	(6)	
Classroom training	29.2%	11.3%	17.9***	27.3%	11.3%	16.0***
OJT/JSA	9.1	10.9	-1.8	8.4	4.4	4.0**
Other services	17.4	9.8	7.6**	10.2	8.7	1.5
All subgroups	19.1	10.8	8.2***	12.7	6.7	6.0***
Sample size <sup>a</sup>			1,515			1,258

<sup>a</sup> Assignees and control group members who were high school dropouts.

\* Statistically significant at the .10 level, \*\* at the .05 level, \*\*\* at the .01 level (two-tailed test).

## IMPACTS ON EARNINGS, BY SERVICE STRATEGY SUBGROUP

Exhibit S.6 shows the estimated program impacts on the earnings of adult women and men in each service strategy subgroup. As shown in the second column of the top panel of the exhibit, impacts on the earnings of adult women in the *classroom training subgroup* followed the expected pattern for this type of service: an earnings loss in the first quarter, representing an initial investment of time in training, followed by a payback period of rising earnings gains in the next five quarters, with statistically significant gains of \$144 and \$188 in the last two quarters of the follow-up period. The overall 18-month earnings gain of \$398 for women in this *subgroup* was not statistically significant. This gain reflected an estimated 8.9 percent program-induced increase in the hourly earnings of those women who worked, which more than offset an insignificant -2.5 percent drop in the average number of total hours worked by all adult women over the follow-up period (estimates not shown in the exhibit).

The estimated impacts on the earnings of adult men in the classroom training subgroup are less clear. None of the impacts on quarterly earnings was significantly different from zero, nor was the overall impact on total earnings over the follow-up period. Moreover, the program had no significant impact on the employment rate or hours of work over the follow-up period for this subgroup of men (estimates not shown). Thus, there is evidence of a program impact on the earnings and employment of this subgroup.

In contrast to the pattern for women in the classroom training subgroup, women in the *OJT/JSA subgroup* (middle panel of the exhibit) experienced an immediate and sustained positive impact on average earnings throughout the follow-up period, as might be expected with a strategy that emphasizes immediate placement in either an on-the-job training position or a regular job. Women in the *OJT/JSA subgroup* had significant quarterly earnings impacts of \$109 to \$144 in five of the six quarters, with a significant gain of \$742 over the follow-up period as a whole.

Men in the *OJT/JSA subgroup* experienced estimated gains of similar magnitude in five of the six quarters and over the follow-up period as a whole, although the estimated impacts were less often statistically significant. Over the 18 months men in this subgroup experienced significant earnings gains of \$781.

Both women and men in the *OJT/JSA subgroup* experienced a positive and significant impact on hours worked; and men, on their employment rate (estimates not shown in the exhibit). Indeed, the earnings gains of both women and men in this subgroup were due primarily to increases in the number of hours worked per sample member, rather than to higher hourly earnings while employed.

Exhibit S.6 Impacts on Quarterly and 18-Month Earnings: Adult JTPA Assignees, by Gender and Service Strategy Subgroup

Period	Adult women		Adult men	
	Control mean (1)	Impact per assignee (2)	Control mean (3)	Impact per assignee (4)
<i>Classroom training subgroup</i>				
Quarter 1	\$ 714	\$ -70*	\$ 1,440	\$ -101
2	938	5	1,714	126
3	1,066	52	1,884	213
4	1,189	79	2,184	50
5	1,253	144**	2,171	151
6	1,230	188***	2,387	-21
All quarters	6,391	398	11,780	418
Sample size *		2,847		1,057
<i>OJT/USA subgroup</i>				
Quarter 1	\$ 1,143	\$ 144***	\$ 1,757	\$ 54
2	1,379	81	2,014	135
3	1,449	129**	2,133	164*
4	1,520	109*	2,199	94
5	1,546	142**	2,183	133
6	1,570	138**	2,169	201**
All quarters	8,607	742**	12,456	781*
Sample size *		2,287		2,250
<i>Other services subgroup</i>				
Quarter 1	\$ 960	\$ 39	\$ 1,677	\$ 74
2	1,198	132	1,951	104
3	1,248	220**	2,123	44
4	1,471	22	2,199	44
5	1,535	2	2,292	13
6	1,548	42	2,274	-19
All quarters	7,960	457	12,516	261
Sample size *		1,340		1,112

a. Assignees and control group numbers rounded.

\* Statistically significant at the .10 level, \*\* at the .05 level, \*\*\* at the .01 level (two-tailed test).

In contrast to the sustained, positive impact on earnings in the OJT/JSA subgroup, the program appears to have had only a short-lived effect on the earnings of adult women, and virtually no effect on the earnings of adult men, in the *other services subgroup* (bottom panel). JTPA had a significant impact on women's earnings of \$220 in the third quarter, followed by much smaller, insignificant gains in the later quarters. The estimated impacts on hours worked quarterly (not shown) mirrored this pattern—possibly reflecting quicker placement in jobs that were similar to those the female assignees would have eventually found without access to JTPA. For men in the other services subgroup, neither the estimated impacts on quarterly earnings nor the estimated impacts on hours of work (not shown) were statistically significant.

Overall, then, JTPA led to modest, statistically significant earnings gains in at least one quarter for adult women in all three service strategies. The timing of impacts was very different across the subgroups, however, and significant for the follow-up period as a whole only in the OJT/JSA subgroup. Significant impacts on the earnings of adult men were concentrated exclusively in the OJT/JSA subgroup.

It is important to iterate that the adults in the three service strategy subgroups differed not only in the services they received, but also in their personal characteristics. Program intake staff tended to recommend the most employable applicants for the OJT/JSA service strategy. This difference is evident not only in the data on baseline characteristics of the three subgroups (not shown here) but also in the earnings of control group members over the follow-up period, shown in columns (1) and (3) of Exhibit S.6. These figures indicate that in the absence of program services women recommended for OJT/JSA would have earned substantially more than those recommended for classroom training and somewhat more than those recommended for other services. Among men the more job-ready applicants tended to be recommended for either OJT/JSA or other services; those male control group members recommended for classroom training earned somewhat less over the follow-up period than either of the other two subgroups.

Because of these differences in the three subgroups, one cannot extrapolate the impacts for one service strategy subgroup to the women or men served by another. We cannot, for example, conclude that the program outcomes for adult men in the classroom training subgroup would have been better if instead they had been recommended for the OJT/JSA service strategy. We can only determine which service strategies were effective for those applicants recommended for them. Whether another service strategy would have been more effective cannot be determined on the basis of this study, since we did not observe alternative service approaches applied to comparable participant populations.

It is also important to bear in mind that the costs, as well as the impacts, of the three service strategies were likely to have varied, as may the longer term impacts. If the

report on this study we will present an analysis that compares the costs of Title II-A to its impacts over a longer follow-up period.

#### IMPACTS ON EARNINGS, BY ETHNICITY AND BARRIERS TO EMPLOYMENT

In addition to the three subgroups defined based on service strategy recommendations, we estimated program impacts on the 18-month earnings of a number of other subgroups of women and men, defined in terms of personal characteristics measured upon their application to the program. These estimates helped us determine whether the impacts of the program were concentrated within certain groups of interest to policymakers and program planners or broadly distributed across all adult women or men. In this Executive Summary we present the results for two such key subgroups: the major *ethnic groups*, and groups facing different *barriers to employment*.<sup>10</sup>

Exhibit S.7 presents the estimated program impacts on the earnings of *white, black, and Hispanic* women (column 3) and men (column 6). Among women the estimated impacts appear to have differed noticeably by ethnic group, with white women showing significant earnings gains of \$723 over the 18-month follow-up period; black women, an insignificant earnings gain of \$457; and Hispanic women, an insignificant loss of \$-414. Moreover, separate tests of the statistical significance of the differences among these impact estimates (not shown) indicate the differences were statistically significant at near-conventional levels. The estimated impacts for adult men also differed by ethnic group, but neither the estimated impacts for individual ethnic groups nor the differences in impacts among the subgroups were statistically significant and therefore could have arisen by chance.

In an attempt to narrow the range of possible explanations for the differences in estimated impacts for women in different ethnic groups, we estimated adjusted impacts that controlled for differences in the distributions of these subgroups across study sites and across service strategy subgroups. When we controlled for differences in the distributions of the three ethnic groups of women across the *study sites*, the estimated impacts for these groups were not significantly different from one another. This finding suggests that the differences in estimated impacts among women in different ethnic groups are in part attributable to *differences in the distributions* of these groups across sites. In addition, given the extreme concentration of Hispanic women in a few sites we cannot reliably distinguish negative effects on Hispanic women as an ethnic group from negative effects on *all* women in one or more of the sites in which Hispanic women were concentrated.

10. Other key subgroups examined in the report include those defined by work and training histories, public assistance histories, household income and composition, public housing status, and age.

Exhibit S.7 *Impacts on the 18-Month Earnings of Major Ethnic Groups: Adult JTPA Assignees, by Gender*

Ethnic group	Adult women			Adult men		
	Sample size <sup>a</sup>	Control mean	Impact per assignee	Sample size <sup>a</sup>	Control mean	Impact per assignee
	(1)	(2)	(3)	(4)	(5)	(6)
White, non-Hispanic	3,541	\$ 8,007	\$ 723***	2,668	\$ 12,929	\$ 625
Black, non-Hispanic	1,981	6,829	457	1,155	10,931	957
Hispanic	744	6,775	-414	400	13,555	-741
Full sample <sup>b</sup>	6,474	7,488	539***	4,419	12,306	550

a. Assignees and control group members combined.

b. Including the three major ethnic groups and American Indians, Alaskan Natives, Asians, and Pacific Islanders.

\* Statistically significant at the .10 level, \*\* at the .05 level, \*\*\* at the .01 level (two-tailed test).

To determine whether the effects of the program varied with the degree of labor market disadvantage, we also estimated impacts on earnings for subgroups defined by three barriers to employment: *welfare receipt*, *limited education*, and *limited recent work experience*.<sup>11</sup> The first three pairs of rows of Exhibit S.8 show the estimated impacts on earnings for women and men facing each of these barriers and for those who were not.

The mean 18-month earnings of control group members, shown in columns 2 and 5 of the exhibit, illustrate that these barriers were indeed serious obstacles to employment. Control group members in all three subgroups facing these barriers earned much less over the follow-up period than those who were not.

Among both women and men the estimated impacts tended to be larger for those *not* facing the barriers in question, although among women the differences in impacts between those facing and those not facing a particular barrier were smaller than the differences among men. Separate tests for the significance of these differences between each *pair* of estimates indicated, however, that any differences shown here may have arisen by chance.

Because some persons who were facing one of these barriers to employment may also have been facing one or both of the other barriers, these subgroups overlap to some degree. To achieve a clearer distinction among the subgroups in terms of the overall difficulty of becoming employed, the bottom panel of Exhibit S.8 categorizes the women

11. *Welfare receipt* is defined as receiving Aid to Families with Dependent Children (AFDC), General Assistance, or any other cash welfare benefits upon application to JTPA. *Limited education* is defined as lack of a high school diploma or GED certificate, *limited recent work experience* is defined as having worked less than 13 weeks in the year prior to application to JTPA. These three measures of barriers to employment are similar to those used in other recent studies of JTPA programs (see U.S. General Accounting Office, 1989).

Exhibit 5.8 Impacts on the 18-Month Earnings of Subgroups Facing Selected Barriers to Employment: Adult JTPA Assignees, by Gender

Barrier to employment (in <i>italic</i> )	Adult women			Adult men		
	Sample size <sup>a</sup> (1)	Control mean (2)	Impact per assignee (3)	Sample size <sup>a</sup> (4)	Control mean (5)	Impact per assignee (6)
<i>Receiving cash welfare</i>	2,446	\$ 5,492	\$ 387	611	\$ 9,541	\$ -46
<i>No cash welfare</i>	3,500	8,965	697 <sup>***</sup>	3,788	13,032	624*
<i>No high school diploma or GED certificate</i>	1,731	6,072	416	1,249	10,353	395
<i>High school diploma or GED certificate</i>	4,316	8,064	681 <sup>***</sup>	2,873	13,335	878 <sup>**</sup>
<i>Worked less than 13 weeks in past 12 mos.</i>	3,022	5,555	511 <sup>**</sup>	1,614	10,478	-210
<i>Worked 13 weeks or more in past 12 mos.</i>	2,622	9,956	668 <sup>**</sup>	2,392	14,320	787*
Number of barriers						
<i>None of the above</i>	1,361	10,971	909 <sup>**</sup>	1,465	15,142	1,203 <sup>**</sup>
<i>One of the above</i>	1,655	7,950	802 <sup>**</sup>	1,550	12,184	194
<i>Two of the above</i>	1,435	5,756	379	617	9,044	30
<i>All three of the above</i>	488	3,703	-213	116	8,595	-146
Full sample	6,474	7,488	539 <sup>***</sup>	4,419	12,306	550

a. Assignees and control group members combined.

\* Statistically significant at the .10 level, \*\* at the .05 level, \*\*\* at the .01 level (two-tailed test).

and men in the sample by the *number* of these barriers they were facing. Again, the average earnings of the control groups indicate that this categorization is strongly predictive of what JTPA assignees would have earned without the program: control group earnings fall steadily as the number of barriers rises.

For both women and men the impacts were the largest in the subgroup facing none of the three barriers. For neither women nor men, however, were the differences in impacts among subgroups statistically significant; thus, these differences may merely reflect sampling error.<sup>12</sup>

#### SUMMARY AND COMPARISON WITH PREVIOUS FINDINGS

Overall, JTPA Title II-A had a modest positive impact on the earnings of adult women over the follow-up period: on average, a significant gain of \$539 over the 18 months following their application. The estimated earnings gain for men was similar (\$550) but was not statistically significant. These overall averages mask substantial variation in both the

12. Among the adult female subgroups, for example, there is a 46 percent chance of finding differences at least as large as those shown here even if there were no true differences in impacts among the subgroups.

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magnitude and time patterns of program impacts among subgroups of women and men, however.

When adult women are categorized by the service strategy recommended by program intake staff, the only ones to experience a statistically significant earnings impact over the follow-up period as a whole were those in the OJT/JSA subgroup, with a gain of \$742. Women in this subgroup enjoyed consistently positive, statistically significant earnings increases of \$109 to \$144 in five of the six follow-up quarters. Women in the classroom training subgroup experienced an earnings loss in the first calendar quarter of the follow-up period, followed by growing positive impacts, and culminating in significant impacts of \$144 and \$188 in the fifth and sixth quarters. Program impacts on the earnings of women in the other services subgroup were significant only in the third quarter, when these women gained \$220, on average; impacts for this subgroup were negligible in subsequent quarters.

Impacts for adult men were similar in magnitude to those for women, although they were less frequently statistically significant. As with the women, only those in the OJT/JSA subgroup enjoyed significant earnings gains (of \$781) over the follow-up period as a whole. Estimated impacts on the earnings of men in the classroom training and other services subgroups were never statistically significant, either for the follow-up period as a whole or for individual quarters.

These impact estimates are similar in magnitude to those found in the few previous evaluations that have used rigorous experimental designs. For example, studies of state work-welfare programs for women in the early 1980s found significant positive impacts in the first two years after random assignment that ranged up to about \$250 per quarter.<sup>13</sup> Evaluations of demonstration programs for displaced workers in Texas and New Jersey found similar impacts on the earnings of men—that is, in the same range but not statistically significant—in the first year after random assignment.<sup>14</sup>

Comparisons with the results of earlier studies are complicated, however, by the fact that the programs involved in those studies provided somewhat different services from those in JTPA and served primarily subpopulations such as welfare recipients and (for men) displaced workers and ex-addicts. Moreover, the programs for women examined in earlier studies were, unlike JTPA, mostly mandatory, and yet had lower rates of participation in employment and training services than those of our study sample.

13. See Gordon and Pandy (1991).

14. See Bloom (1990) and Carron et al. (1987).

Finally, when adult women in the National JTPA Study sample were classified by ethnic group, differences in estimated impacts on earnings were emerged, with white women experiencing greater gains than minority women, particularly Hispanic women. Further tests revealed, however, that these differences in impacts may well have been due to the concentration of Hispanic women in a few sites that experienced impacts substantially below the average for all women. There were no significant differences in impacts on the earnings of adult men by ethnic group. Impact estimates for adults who were and were not subject to various barriers to employment were not statistically significantly different from each other. But the pattern of estimates for these subgroups suggested that JTPA produced larger positive impacts for adults with fewer labor market barriers.

### Findings for Subgroups of Female and Male Out-of-School Youths

Out-of-school youths in the study sample were classified into the same three service strategy subgroups as those used to classify adults: classroom training, OJT/JSA, and other services. These subgroups were based on the JTPA services recommended for sample members by program intake staff before random assignment.

#### SERVICE STRATEGIES RECOMMENDED

The service strategies recommended for youths reflect a difference in emphasis between JTPA Title II-A programs for youths and those for adults. Programs for adults emphasize employment, as evidenced by the fact that program performance standards for adults are based largely on job placement rates. In contrast, programs for youths emphasize a broader range of outcomes, with performance standards for youths based in part on "positive terminations," which include not only job placements but also participation in further training and attainment of specific job competencies.

A comparison of Exhibit S.9 and the earlier Exhibit S.3 indicates that youths were far less likely than adults to be recommended for the *OJT/JSA strategy*, especially if we compare female youths with female adults and male youths with male adults. Of the three service strategies *OJT/JSA* places the greatest emphasis on immediate employment; thus, this difference between youths and adults reflects the difference between JTPA programs for the two age groups. In addition, youths were much more apt than adults to be recommended for the *other services strategy*, which, as discussed below, also differed between the two age groups in the mix of program services received.

Service strategy recommendations also differed between female and male youths themselves. Female youths were more likely than male youths to be recommended for

*Exhibit S.9 Service Strategies Recommended:  
Out-of-School Youth JTPA Assignees,  
by Gender*

<i>Service strategy</i>	<i>Female youths (1)</i>	<i>Male youths (2)</i>
Classroom training	44.3%	29.9%
OJT/JSA	23.2	32.9
Other services	32.5	37.3
Sample size	1,814	1,436

classroom training (44 percent versus 30 percent, respectively) and less likely than male youths to be recommended for OJT/JSA (23 percent versus 33 percent). The genders were about equally likely to be recommended for other services (33 percent versus 37 percent).

#### ENROLLMENT RATES AND DURATION, BY SERVICE STRATEGY SUBGROUP

Enrollment rates overall were comparable to those for adults, with 65 percent of the female youth treatment group and 67 percent of the male youth treatment group becoming enrolled in JTPA Title II-A at some time during the 18-month follow-up period. Treatment group enrollment rates were highest in the classroom training subgroup (71 percent for females and 75 percent for males). The lowest enrollment rates were in the OJT/JSA subgroup (57 percent for females and 58 percent for males). The other services subgroup fell between these two extremes, with enrollment rates of 63 percent for female and 68 percent for male youth treatment group members.

Out-of-school youths who enrolled in JTPA stayed in the program slightly longer than their adult counterparts, with the median duration of enrollment at 3.9 months for female youths (versus 3.6 months for adult women) and at 3.1 months for male youths (versus 2.5 months for adult men). Thus, the median duration of enrollment was also slightly longer for female than for male youths. The service strategy subgroup with the shortest enrollments was OJT/JSA, with a median of about 2 months for both females and males; the classroom training subgroup had the longest enrollments, at 5.5 months for females and 4.6 months for males. The median for the other services subgroup was about 3 months for both target groups.

**Exhibit S.10** Key JTPA Services Received by Treatment Group Members  
 Who Were Enrolled in the Program: Out-of-School Youths,  
 by Gender and Service Strategy Subgroup

Key services in service strategy subgroup	% of enrollees receiving one or both services	
	Female youths (1)	Male youths (2)
<i>Classroom training subgroup</i>		
Classroom training in occupational skills/basic education <sup>a</sup>	86.1%	80.4%
<i>OJT/JSA subgroup</i>		
On-the-job training/ job search assistance	84.8%	84.5%
<i>Other services subgroup</i>		
Basic education/ <sup>a</sup> miscellaneous <sup>b</sup>	79.5%	83.2%
Sample size	1,188	959

a. "Basic education" includes Adult Basic Education (ABE), high school or General Educational Development (GED) preparation, and English as a Second Language (ESL).

b. "Miscellaneous" includes assessment, job-readiness training, customized training, vocational exploration, job shadowing, and tryout employment, among other services.

#### SERVICES RECEIVED, BY SERVICE STRATEGY SUBGROUP

Exhibit S.10 shows the percentage of enrollees in each service strategy subgroup who received one or both of the key services in that service strategy. About 86 percent of female youth enrollees and about 80 percent of male youth enrollees recommended for classroom training received classroom training in occupational skills, basic education, or both. About 85 percent of the female and male youth enrollees in the OJT/JSA subgroup received on-the-job training, job search assistance, or both. And about 80 percent of the female and 83 percent of the male youth enrollees in the other services subgroup received basic education, miscellaneous services, or both.

The only obvious difference between the mix of JTPA services received by youths and the mix received by adults was in the other services subgroup. Whereas adult enrollees in this subgroup received mainly job search assistance and miscellaneous services (Exhibit S.4), the youth enrollees received mainly basic education and miscellaneous services—further evidence, as noted earlier, that JTPA emphasizes immediate employment for adults more than it does for youths.

As with the adults in our sample, the estimated program *impacts* on youths reported below reflect *differences* in the employment and training services received by treatment group members, who had access to JTPA, and the services they would have received if they had been excluded from the program, as measured by data on control group members. And as with adults, the size of these treatment-control group differences in service receipt varied by service strategy subgroup.

In the *classroom training subgroup* about 48 percent of the female youths and 42 percent of the male youths in the treatment group received classroom training in occupational skills, whereas only 31 percent of the female youths and 22 percent of the male youths in the control group received this service. In the *OJT/JSA subgroup* about 30 percent of the females and 31 percent of the males in the treatment group received on-the-job training, while less than 1 percent of both females and males in the control group received the service.

We were unable to measure the control group's receipt of miscellaneous services—the most common category of services received by youth treatment group members in the *other services subgroup*, at 29 percent for females and 35 percent for males. It is therefore not possible to determine the treatment-control group difference in service receipt for this key service in the subgroup. The service differential was small, however, for basic education, the other key service received by youth treatment group members who were recommended for the other services strategy. About 23 percent of female youths and 14 percent of male youths in the treatment group received basic education, while 19 percent of the females and 12 percent of the males in the control group received it.

Thus, JTPA produced a noticeable increment in service receipt in the two service strategy subgroups for which we could measure the differences: classroom training and OJT/JSA. In the third, other services, we could not measure the treatment-control group differential for the most common service received by the treatment group and found only a slight differential in the case of the other key service. In terms of the average number of hours of services received, JTPA produced a modest increase for the two subgroups for which we could measure this effect. Female and male youths in the classroom training subgroup received, respectively, 187 and 127 more hours of classroom training in occupational skills than they would have if JTPA were not available, while female and male youths in the OJT/JSA subgroup received, respectively, an additional 105 and 128 hours of on-the-job training.

**IMPACTS ON EDUCATIONAL ATTACHMENT, BY SERVICE STRATEGY SUBGROUP**

Differences in the services received by youths in the treatment and control groups produced differences in the rate at which high school dropouts in these groups attained a high school

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**Exhibit S.11** *Impacts on Attainment of a Training-Related High School Diploma or GED Certificate: Out-of-School Youth JTPA Assignees Who Were High School Dropouts, by Gender*

Service strategy subgroup	Female youths			Male youths		
	% attaining HS/GED		Impact, in % points	% attaining HS/GED		Impact, in % points
	Assignees (1)	Controls (2)		Assignees (4)	Controls (5)	
Classroom training	32.9%	16.6%	16.4***	27.3%	18.3%	9.0*
OJT/JSA	9.8	6.0	3.8	14.9	4.9	10.1***
Other services	31.7	21.0	10.7**	26.1	16.9	9.1**
All subgroups	28.6	16.6	11.9***	23.9	14.0	9.9***
Sample size *	1,050					955

a. Assignees and control group members who were high school dropouts.

\* Statistically significant at the .10 level, \*\* at the .05 level, \*\*\* at the .01 level (two-tailed test).

diploma or GED certificate. Since half of the female youths in the study sample and three-fifths of the male youths were high school dropouts, impacts on their educational attainment represent an important result of the program.

As shown in the fourth row of Exhibit S.11, among control group members who were dropouts 17 percent of the female youths and 14 percent of the male youths both enrolled in a school or training service and received a high school diploma or GED certificate at some time during the 18-month follow-up period. Among the corresponding treatment group members, however, 29 percent of the female youths and 24 percent of the male youths subsequently attained a training-related high school credential. The program impact in both cases was highly significant. Impacts were also statistically significant for male youths in all three service strategy subgroups and for females in the classroom training and other services subgroups—the two service strategy subgroups that focused the most on basic education. The impact was particularly striking for female youths in the classroom training subgroup.

#### IMPACTS ON EARNINGS, BY SERVICE STRATEGY SUBGROUP

As noted at the outset, the estimated program impact on the earnings of female youths overall was negligible; the impact on male youths overall was substantially negative, but that impact was largely concentrated among those male youths who reported having been arrested between their sixteenth birthday and random assignment. Exhibit S.12 provides a more detailed understanding of these findings by presenting estimates for the three service strategy subgroups of youths during each of the six quarters of the follow-up period.

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Exhibit S.12 Impacts on Quarterly and 18-Month Earnings: Out-of-School Youth  
JTPA Assignees, by Gender and Service Strategy Subgroup

Period	Female youths		Male youths	
	Control mean (1)	Impact per assignee (2)	Control mean (3)	Impact per assignee (4)
<i>Classroom training subgroup</i>				
Quarter 1	\$ 742	\$ -210***	\$ 1,226	\$ -300**
2	909	-189***	1,345	96
3	1,052	-150*	1,655	-2
4	991	24	1,773	0
5	1,047	70	1,889	-56
6	1,196	-87	1,895	4
All quarters	5,936	-542	9,783	-259
Sample size <sup>a</sup>		1,045		526
<i>QTI/JSA subgroup</i>				
Quarter 1	\$ 1,002	\$ 149	\$ 1,651	\$ -57
2	1,074	203*	1,988	-219
3	1,252	97	2,197	-302*
4	1,363	3	2,160	-203
5	1,368	103	2,316	-192
6	1,562	-146	2,452	-339**
All quarters	7,620	410	12,765	-1,313*
Sample size <sup>a</sup>		545		615
<i>Other services subgroup</i>				
Quarter 1	\$ 653	\$ 43	\$ 1,362	\$ -285**
2	909	-68	1,457	-121
3	1,023	-96	1,605	-218
4	1,047	-52	1,751	-276*
5	1,093	-41	1,766	-114
6	1,001	55	1,899	-292**
All quarters	5,726	-158	9,839	-1,305*
Sample size <sup>a</sup>		710		607

<sup>a</sup> Assignees and control group numbers combined.

\* Statistically significant at the .10 level, \*\* at the .05 level, \*\*\* at the .01 level (two-tailed test).

In the female *classroom training subgroup* impacts on earnings were negative and statistically significant during the first three follow-up quarters. As with adult women, these initial losses probably reflect the earnings forgone by treatment group members while they were attending classes. Unlike the experience of adult women, however, female youths in classroom training did not experience any significant increases in earnings later in the follow-up period. Hence, the earnings losses youths lost while participating in classroom training were not offset by a payback period, at least not by the end of the 18-month follow-up.

Female youths in the *OJT/ISA subgroup* experienced a different pattern. The initial impacts on their earnings were moderately positive (and statistically significant in the second follow-up quarter), which may reflect an initial boost in employment produced by on-the-job training, job search assistance, or both. But these short-run gains were not sustained over time.

Program impacts on the earnings of female youths in the *other services subgroup* were negligible in all six follow-up quarters. In other words, the mix of predominantly miscellaneous services and basic education that JTPA provided to this subgroup had little or no impact.

The impact estimates for male youths in the *classroom training subgroup* were similar to those for their female youth counterparts. Impacts were substantially negative and statistically significant in the first follow-up quarter, again, perhaps reflecting the costs of being in class instead of employed. And as with female youths, the later follow-up quarters brought no earning increases large enough to offset the initial loss.

Impacts on male youths in the *OJT/ISA subgroup* were negative in all six follow-up quarters. Over the follow-up period as a whole the *OJT/ISA* strategy yielded a statistically significant earnings loss of \$-1,313, or -10.3 percent of the corresponding control group's mean earnings. This loss reflected mainly an estimated -8.5 percent program-induced reduction in the average number of hours worked by male youths; average hourly earnings among those who worked were largely unaffected by the program (not shown in the exhibit).

Male youths in the *other services subgroup* experienced an estimated earnings loss of \$-1,305, or -13.3 percent of what their earnings would have been without access to JTPA. This loss reflected mainly a -9.7 percent reduction in the average number of hours worked, although average hourly earnings when working were also reduced by an estimated -4.0 percent (not shown).<sup>15</sup>

15. The percentage impacts on hours worked and on earnings per hour worked do not sum exactly to the percentage impact on total earnings because the relationship between total earnings and its components is multiplicative, not additive.

For these last two service strategy subgroups of male youths, it therefore appears that the negative program impact on earnings reflected mainly a negative program impact on the number of hours worked, as opposed to a negative impact on the hourly earnings of those who worked. The next subsection will also demonstrate that the negative impacts on earnings for the OJT/JSA and the other services subgroups of male youths are attributable primarily to a large negative estimated impact on the earnings of those male youths with a previous arrest who were recommended for each of these two service strategies.<sup>16</sup>

It is important to bear in mind that although this analysis by service strategy subgroup is illuminating, one cannot interpret the findings for one service strategy subgroup as having direct implications for the youths recommended for one of the other two service strategies. Again, we can only determine which service strategies were effective for those applicants recommended for them, because the three service strategy subgroups differed in the personal characteristics of their members.

#### IMPACTS ON EARNINGS, BY ETHNICITY, BARRIERS TO EMPLOYMENT, AND REPORTED ARRESTS

The estimated program impacts on earnings for out-of-school youths did not vary systematically with the *ethnic backgrounds* of sample members or with the *barriers to employment* they faced when they applied to JTPA.

Exhibit S.13 presents the estimated program impacts on *white, black, and Hispanic* youths. The impact estimates for female youths did not differ substantially by ethnic group, and no ethnic group experienced a statistically significant impact. In addition, separate tests of the statistical significance of the differences among the impacts on these groups (not shown) confirm the lack of a differential effect of JTPA. For the male youths there were differences in estimated impacts among the three ethnic groups, but these differences were not statistically significant and may therefore have been due to chance (test not shown).

Exhibit S.14 presents the estimates for subgroups of youths defined in terms of the three specific barriers to employment investigated for adults: *welfare receipt, limited education, and limited recent work experience*. As was the case for adults, these barriers represented serious obstacles to employment for youths, as evidenced by the fact that

16. Note that the much smaller and statistically insignificant estimated impact on the earnings of male youths in the classroom-training subgroup is not attributable to this subgroup's having a substantially smaller proportion of previous arrestees than the other two service strategy subgroups (which it did not).

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**Exhibit S.13** Impacts on the 18-Month Earnings of Major Ethnic Groups: Out-of-School Youth JTPA Assignees, by Gender

Ethnic group	Female youths			Male youths		
	Sample size <sup>a</sup>	Control mean	Impact per assignee	Sample size	Control mean	Impact per assignee
	(1)	(2)	(3)	(4)	(5)	(6)
White, non-Hispanic	1,148	\$ 7,076	\$ -122	946	\$ 12,550	\$ -1,333**
Black, non-Hispanic	749	5,601	-135	522	8,164	75
Hispanic	366	5,019	-354	248	10,126	-1,238
Full sample <sup>a</sup>	2,300	6,225	-182	1,748	10,736	-854**

a. Assignees and control group members combined.

b. Including the three major ethnic groups and American Indians, Alaskan Natives, Asians, and Pacific Islanders.

\* Statistically significant at the .10 level, \*\* at the .05 level, \*\*\* at the .01 level (two-tailed test).

control group earnings drop markedly as the number of barriers increases (bottom panel of the exhibit).

There was no statistically significant relationship, however, between the number or nature of these employment barriers and the effect of JTPA on out-of-school youths. Among female youths, in particular, there was little difference between the estimated program impact on sample members who faced each of the three employment barriers and those who did not face that barrier. Furthermore, there was no clear pattern in the relationship between the estimated program impacts and the number of employment barriers faced. Tests for significant differences in impacts among subgroups (not shown) revealed none that was statistically significant.

Among male youths the differences between the impact on sample members who faced a particular employment barrier and those who did not appear to have been more substantial. For male youths with limited education or limited recent work experience, JTPA appears to have reduced the earnings of those facing one of these two barriers by more than it reduced the earnings of those who did not (top panel, column 6). In addition, the more barriers faced, the more JTPA seems to have reduced earnings over the follow-up period. None of these differences in impact estimates between or among the subgroups were statistically significant, however, and so the patterns they imply are only suggestive and may in fact be due to chance. Moreover, the difference in impacts was in the opposite direction for male youths receiving welfare and those not receiving welfare.

Again, the most striking subgroup difference for youths was between the impacts estimated for male youths who had been arrested before and those who had not. As shown in Exhibit S.15, on average, male youths with a previous arrest experienced a highly significant \$-3,038 program-induced earnings loss during their 18-month follow-up period. In contrast, male youths without a previous arrest experienced an insignificant

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Exhibit S.14 Impacts on the 18-Month Earnings of Subgroups Facing Selected Barriers to Employment: Out-of-School Youth JTPA Assignees, by Gender

Barrier to employment (in italic)	Female youths			Male youths		
	Sample size <sup>a</sup> (1)	Control mean (2)	Impact per assignee (3)	Sample size <sup>a</sup> (4)	Control mean (5)	Impact per assignee (6)
Receiving cash welfare	701	\$ 4,397	\$ -391	185	\$ 8,815	\$ -56
No cash welfare	1,412	7,174	-154	1,374	11,292	-1,020 <sup>***</sup>
No high school diploma or GED certificate	1,047	4,192	23	947	10,087	-1,144 <sup>*</sup>
High school diploma or GED certificate	1,146	8,055	-437	730	11,612	-420
Worked less than 13 weeks in past 12 mos.	1,235	4,425	-31	754	8,616	-1,286 <sup>***</sup>
Worked 13 weeks or more in past 12 mos.	829	8,886	-255	842	12,808	-832
Number of barriers						
None of the above	545	9,964	-250	475	13,352	-459
One of the above	790	6,532	-236	733	10,810	-695
Two of the above	675	4,486	-451	455	8,520	-1,242
All three of the above	281	2,189	659	81	7,642	-1,278
Full sample	2,300	6,225	-182	1,748	10,736	-4

a. Assignees and control group members combined.

\* Statistically significant at the .10 level, \*\* at the .05 level, \*\*\* at the .01 level (two-tailed test).

\$-224 earnings loss. The difference between these two impact estimates was highly significant and did not change when we controlled for the distributions of the two subgroups across the study sites and service strategy subgroups.

Moreover, this difference appeared in all six follow-up quarters, all three service strategy subgroups, and 13 of the 15 study sites where youths were included in the sample.<sup>17</sup> The negative impact on the subgroup of male youths with a previous arrest (25 percent of the male youth treatment group) accounts for 82 percent of the program-induced earnings loss for male youths overall.

It is important to note, however, that these large, negative impact estimates, which are based on our First Follow-up Survey (the basis for all the impact estimates in this report), differ substantially from corresponding impact estimates for male youths with a previous arrest that are based on earnings data from an alternative data source, namely, the

17. The Oakland site excluded youths from the study, yielding a total of 15 study sites for the youth analysis.

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31 **Exhibit S.15** *Impacts on the 18-Month Earnings of Subgroups With and Without a Previous Arrest: Out-of-School Youth JTPA Assignees, by Gender*

Arrest status	Female youths			Male youths		
	Sample size <sup>a</sup>	Control mean	Impact per assignee	Sample size <sup>a</sup>	Control mean	Impact per assignee
	(1)	(2)	(3)	(4)	(5)	(6)
Arrested since age 16	125	\$ 5,827	\$ 705	401	\$ 11,237	\$ -3,038***
Not arrested since age 16	2,122	6,251	-200	1,315	10,696	-224

a. Assignees and control group members combined.

\* Statistically significant at the .10 level, \*\* at the .05 level, \*\*\* at the .01 level (two-tailed test).

administrative records of state unemployment insurance agencies.<sup>18</sup> Impact estimates based on UI earnings data for a subsample of the 18-month study sample suggest there was virtually no program impact on the earnings of the previous arrestees among male youths. Although there is thus some question about the degree to which JTPA reduced the earnings of those male youths with a previous arrest, both data sources agree that the program *did not increase* their earnings, or the earnings of male youths overall.

We will explore further the differences in the estimates from the two data sources in our forthcoming final report. The impact estimates from the two data sources do not, however, differ appreciably for adult women, adult men, female youths, or those male youths who did not report a previous arrest.

#### SUMMARY AND COMPARISON WITH PREVIOUS FINDINGS

The preceding analysis has shown that JTPA Title II-A did not appreciably affect the earnings of female out-of-school youths. On average, the program reduced total earnings during the 18-month follow-up period by \$-182 per female youth assignee (treatment group member), but this estimated effect was not statistically significant. Nor were the impact estimates statistically significant for female youths in each of the three service strategy subgroups or in any of the subgroups defined by personal characteristics.

The findings for male out-of-school youths are very different. On average, JTPA reduced the estimated earnings of this target group by a statistically significant \$-854 over the 18-month follow-up period. But most of this negative estimated impact was

18. Appendix E examines this issue. As discussed there, the impact findings for male youths with a previous arrest differ between the two data sources because earnings data on the treatment group and the control group of male youth arrestees differ between the two data sources.

concentrated among the 25 percent of male youths who had a previous arrest. Hence, for most male youths (the 75 percent who reported no previous arrest) the program appeared to have a negligible effect, as was the case for female youths.

The findings for out-of-school youths in this study are not inconsistent with those from the two existing experimental studies of employment and training programs for out-of-school youths.<sup>19</sup> The first, the youth component of the National Supported Work Demonstration, evaluated an intensive work experience program (Manpower Demonstration Research Corporation, 1980); and the second, JOBSTART, evaluated intensive education, employment, and training services provided through JTPA (Cave and Doolittle, 1991). The Supported Work study found negligible post-program impacts on the earnings of youth participants, most of whom were male. JOBSTART found negligible short-term impacts for female youths and large negative short-term impacts for male youths, mirroring the findings of the present study.

Both JOBSTART and the youth component of Supported Work targeted seriously disadvantaged youths, who make up only a portion of the out-of-school youth population targeted by JTPA Title II-A programs. And Supported Work provided far more intensive services than are typically available from JTPA. Thus, the three studies of employment and training programs for youths focus on different target groups and program services.

Nevertheless, none of these studies indicates that the programs examined were able to improve the earnings prospects of disadvantaged youths; and two of the three studies found that the programs actually reduced the earnings of male youths; at least in the short term. The experimental findings to date are therefore cause for concern.

### Implications of the Findings

The National JTPA Study is based on an examination of 16 study sites, which are not a probability sample of all JTPA service delivery areas and which, despite their diversity, may not be representative of the nation. Nevertheless, to the extent that the findings in this report apply to other localities, they have important policy implications.

The study has shown that JTPA Title II-A is helping to raise the earnings of many of its participants, especially adults, but it has also identified several groups for whom the program is having no effect or even adverse effects. In particular, the Title II-A programs

19. Although many other employment and training programs for youths have been studied in the past, the findings obtained provide little reliable information because of the methodological problems endemic to the nonexperimental research designs that were used. See the review in Betsey, Hollister, and Papageorgiou (1985).

studied failed to raise the average earnings of out-of-school youths in general, and they reduced the average earnings of male out-of-school youths who reported having been arrested between their sixteenth birthday and random assignment.

But although this analysis has identified groups not being adequately served by the program, we cannot use these findings to prescribe ways to serve them better. The study was designed to observe only the impacts of JTPA as it was operated during the study period, not alternative ways of serving the same population.

Finding ways to improve program performance for those groups negligibly or adversely affected by the current program will require experimentation with a range of alternative service strategies for those groups *and rigorous evaluation of their impacts*. We cannot overemphasize the importance of rigorous evaluation of new approaches to serving these groups. Experience has demonstrated that simply trying out alternative program strategies without rigorous evaluation is not enough. As a National Research Council report concluded in reviewing some 400 reports on a wide range of youth employment and training demonstrations, "Despite the magnitude of the resources ostensibly devoted to the objectives of research and demonstration, there is little reliable information on the effectiveness of the programs in solving youth employment problems" (Betsey, Hollister, and Papageorgiou, 1985). To address this deficiency, the authors recommended greater reliance on field experiments with random assignment.

Indeed, the reason it is difficult to draw conclusions from studies that do not use random assignment is clear from our findings on the control groups in this study. The patterns of control group earnings over the 18-month follow-up period demonstrate that even without access to JTPA both adults and youths would have experienced a growth in earnings, and their earnings would have varied substantially across the three service strategies. In other words, if one looks only at the post-program earnings and employment of program *participants*, one can easily mistake patterns of outcomes that would have occurred anyway for *impacts* of the program.

Finally, although the findings presented here clearly reveal a need for some program changes, the full findings of the National JTPA Study have not been obtained. Our forthcoming final report will extend the analysis in several ways. First, we will estimate program impacts on earnings, employment, and educational attainment over a longer follow-up period. Growth or decline in the impacts during the period beyond 18 months could materially alter the differences in estimated impacts among target groups, service strategy subgroups, and other key subgroups that we have observed thus far. Second, we will also include estimated impacts on the receipt of AFDC and food stamp benefits. Third, and most important, we will compare the impacts and costs of JTPA Title II-A and its three service strategies, to determine the *cost-effectiveness* of the program at the 16 study sites.

Mrs. THURMAN [presiding]. Thank you, Mr. Orr. We have a series of questions, and I will start with Mr. Crawford.

You recommend that the Labor Department take a more active role in overseeing the JTPA program and in using its expanded data system to manage the program. Can you give us some examples of what DOL should be doing?

Mr. CRAWFORD. In taking a look at that more active role for the Department, I think part of what the Department should be doing is in the area of regulation—getting the regulations written, getting those regulations out to the service delivery areas and to the States, to clarify issues, to help them.

I think also part of the issue is within the area of oversight. As I had mentioned in my statement, the lack of sufficient oversight in some cases has allowed SDA's to overcharge administrative costs, to have excessive OJT periods, to award contracts payments without having them fully documented.

In this oversight role, I think that the Department needs to work very carefully with the States in coordinating the oversight and support to the local SDA's. I think that the data system will afford the Department, the States, and the SDA's to do some of the things that Larry was just suggesting in terms of recognizing that we cannot wait another 2 or 3 years for results but, with the improved data system, we can begin to look at what is happening to some of the segments of the population that are having a problem and try to figure out what kinds of interim adjustments can be made.

It can also serve as an opportunity for the Department, working with the States again, to identify, let's say, SDA's that may be having problems, maybe in more of a proactive fashion, to provide technical assistance and to maybe even disseminate some of the good ideas that are being implemented at the State and local level.

Mrs. THURMAN. Mr. Crawford, do you believe that DOL has enough resources now to oversee the JTPA program? I find that a difficult question to ask after hearing about 65 programs and the amount of money spent.

Mr. CRAWFORD. Concerning the issue of funding for the Department, we have not looked at that so, to respond in terms of whether the Department has the money, the resources to do that, I think would be inappropriate for us. We would prefer to defer that to the Department to respond to.

Mrs. THURMAN. The ABT study draws disturbing conclusions about job training for youth. Have your studies shown the same conclusions?

Mr. CRAWFORD. Yes, we have found similar instances, and I will have Mr. Nilsen just give a couple of examples.

Mr. NILSEN. As was noted in our testimony, we were not surprised by the results of the ABT study. We found, both for adults and youth, less-intensive services for people we called less job ready, people who you would think would get more intensive services—people without recent work histories, people who were drop-outs—and this applied to both youth and adults as well.

Mrs. THURMAN. Mr. Machtley.

Mr. MACHTLEY. I have just a couple of questions.

One of the things that I think concerns me about any Federal program that is established is that we don't seem to have bench-

marks in which to measure it as it is proceeding along. We seem to bootstrap ourself into some assessment of its success based on what we find in the conclusion studies.

Are there currently adequate objective benchmarks in the JTPA program so that a year from now we'll come back here and we can measure whether or not, on a cost-effective basis, it was worth investing \$1.8 billion in order to help the targeted population?

I'm specifically concerned because, when I read the findings, for people who were geared toward the wage impact or the economic impact or the educational impact, it doesn't look like they justify the cost. It's a great concern when you find that, because the participatory employment figure was 70 percent when you went back, that that was really not a true indication of how many people were successful in employment.

What is the benchmark that has been established, if any and, if not, why not?

Mr. GERALD PETERSON. I'll take a quick shot at it. Even the new reporting system that is being developed—not the one that was in place when we looked at it, but the new reporting system—still will not collect data that we feel is very important and the Congress have felt is very important.

For instance, the reduction in welfare—that figure still will not be collected. So even the new reporting system that ETA will be talking to you about later in the morning will not be collecting data that important.

So, in terms of a cost effectiveness measurement of this program, that is not in the design format at this point in time. Therefore, you are not going to be able to make a cost effectiveness determination.

Mr. MACHTLEY. Maybe I've made it too complicated. Has the JTPA said: "A year from now, here are the criteria on which you measure our success"? Have they benchmarked themselves objectively so that we can assess how successful they are? As you are saying, collecting data after they have been in existence is not a very good way of determining success, it seems to me. You have to benchmark.

Mr. CRAWFORD. I think perhaps maybe I can help. The performance measure standards that JTPA has in place provides a measure of the numbers of people placed and wages. Their improvements in their data reporting will be good.

Part of what we were arguing for is a more systematic approach to gathering data with an understanding of figuring out what works and figuring out what we would need to do to get there, and we think that strategy would include more in the way of measuring impact by gathering baseline data and then making adjustments in the kinds of information that JTPA routinely collects.

So I think it is more of a position or a philosophy in terms of knowing where you want to go and being able to measure how well you are doing and then being able to then make necessary adjustments. It's not clear that is where we are headed in a systematic fashion.

Mr. MACHTLEY. Is there any problem in establishing—whether we all agree or not agree—but establishing somehow a benchmark? In other words, we say: "Look, we want the earning add-on value

to be increased by 5 percent for the people who participate." I see that some of the graduation or GED or diploma rates have doubled.

If you have 5 percent and it makes 10 percent, that is not a great record, but if you say, "we want it to be 30 percent of all those who participate" or "we want it to be 50 percent," whatever the number, at least a year from now we can say, "yes, we were successful in meeting the goals of the Job Training Partnership Act" or, "we weren't successful and therefore we ought to go back and see why we did not reach the goals which the administrators of the program set themselves."

I get the sense that we are just wandering around spending \$1.8 billion and some day we may do a study and find out what works, but probably we will just say, "boy, that didn't work."

Mr. ORR. Sir, if I could respond to that? The program does have well-defined performance standards and, as Mr. Crawford indicated, they are intended to ensure a certain level of efficiency in the program. For example, standards are set on the number of participants who are placed in jobs. If the program doesn't do that, it is not functioning properly.

Unfortunately, that kind of standard doesn't do the kind of thing that you were alluding to a minute ago—ensuring that the program increases the employment and earnings of the participants as compared to what they would have achieved if they hadn't gone through the program. After all, many people who become unemployed do not go to JTPA, and still find jobs and become employed again and have reasonable earnings.

The only way to measure that kind of value added, at least the only way that we know, is to do the kind of random assignment control group impact evaluation that we have done and, unfortunately, one cannot do that in every SDA in the country. It's a big, complex undertaking. One can only do it periodically. It takes a lot of time, because you then have to follow these people for several years to find out what the longer term impacts were.

I would like to be able to give you a neater, cleaner, simpler prescription for making the program work, but that is my view of the problem of doing what you are suggesting.

I think the current performance standards that focus on efficiency may be about the best one we can do in the situation, along with periodic attempts to measure the value-added impacts.

Mr. GERALD PETERSON. Except the law mandated sort of a "before and after" kind of a look at a person. That is to say, Congress said that this is an investment in human capital and the return on investment should be measured in terms of added income or decrease in dependency on welfare and, 10 years later, even that simple kind of measurement has not been put in place.

They are not measuring the before and after. They are not measuring the impact on welfare. So I think it is time that, these two factors at least, be measured. This is something that is do-able.

Mr. MACHTLEY. Well, I think that there are measurements. I just don't believe efficiency is the only way to measure a program. It may be more efficient to give everyone \$900, but I don't think that's the goal of the program.

So I think we have to figure out a way to have these specific whatever they are—and the people in the JTPA ought to be able

to come up with their own measurement tools—whether it is how many people have gotten off welfare, how many people have improved their education, and have a goal in advance, and then see how we have reached that goal. So I hope that they are going to work toward it.

Mr. PETERSON [presiding]. To follow up on that, in your testimony you were talking about that determining a total investment for each participant was impossible. You just stated now that they cannot tell how many people that were on welfare and are off, and so forth.

I went out and looked at the JTPA program in my district and, in that particular program, they have every bit of this information. They know every single day, every piece of information you could ever want about these people. It is all there.

Mr. GERALD PETERSON. Mr. Chairman, oftentimes you will find that done even on a statewide basis, but it is not collected and analyzed from a national perspective.

Mr. PETERSON. Why not?

Mr. GERALD PETERSON. I think that question needs to be directed to ETA. They operate the program and they have said repeatedly that they just can't get hold of the information on reductions in welfare. Why that is, I think that they are in a better position to address.

Mr. PETERSON. So you will admit, then, that the information is there?

Mr. GERALD PETERSON. Oftentimes we find the information available.

Mr. PETERSON. Do you have any idea of how often it is there and how often it isn't? Is it there in 60 percent of the programs, or do you have any kind of sense of that?

Mr. GERALD PETERSON. I think actually it is rather an exceptional case when it isn't available. The individual programs will most often—certainly over half the time—have that kind of data available, and sometimes being analyzed at that level.

The problem with it is that it is not being collected on a national level, and you can't make conclusions with any degree of certainty.

Mr. PETERSON. One of the reasons for decentralizing this was to try to give the States more flexibility, more control. Shouldn't they be collecting this stuff on a State-by-State basis if they are the ones that are, in effect, managing these SDA's?

Mr. GERALD PETERSON. I think ideally the partnership, that is to say the Federal-State-local partnership, should each have that data available to them so that each level can make some judgments and fine tune the program. That would also involve the Congress. The Congress ought to have that kind of data available to them.

Mr. PETERSON. Is this data getting up to the State level? Do they have this information?

Mr. GERALD PETERSON. It's a mixed bag, sir.

Mr. PETERSON. Some States do and some do not?

Mr. GERALD PETERSON. Most often, it is not getting to the State level. Most often it is not.

Mr. PETERSON. So that is where it is breaking down?

Mr. GERALD PETERSON. I think where it is breaking down is that there is not a strategy for the collection of that data. There is not a partnership.

Mr. PETERSON. So the problem goes back up to the ETA?

Mr. GERALD PETERSON. It goes back up to the Federal level.

Mr. PETERSON. Do you agree with this, what we are just talking about here, Mr. Nilsen or Mr. Crawford?

Mr. CRAWFORD. I think overall we would agree that one of the disadvantages to the hands-off approach, is that there is an unevenness with the States and at the SDA level in terms of what you can find, how active—certain States are more active and have better oversight. Certain SDA's are more active, creative. But again, it is the unevenness that exists.

Mr. PETERSON. One other thing. When you went out and looked, what kind of a sample did you look at?

Mr. GERALD PETERSON. In our audit, sir, we went to, I think 35 different SDA's.

Mr. PETERSON. Were they scattered all over the country?

Mr. GERALD PETERSON. They were scattered all over and were randomly selected. Our report, unlike the ABT report, concentrates strongly on the inner city—the urban area. I think, for the most part, the ABT study has missed the urban area entirely.

Mr. ORR. That is not entirely true.

Mr. GERALD PETERSON. A major urban area? I'm not sure. But, at any rate, as I remember, they didn't hit a major urban area.

We started our sample with 1,750 participants—50 from each of the SDA's. That was what we looked at.

Mr. PETERSON. Does it say which 35 this is in your report?

Mr. GERALD PETERSON. Yes. The SDA's are in the report.

Mr. PETERSON. OK.

Mr. GERALD PETERSON. Or, if they are not in the report, I will make them available. I think they are in the report.

Mr. PETERSON. I guess I would be interested in knowing that.

Mr. MASTEN. Yes, they are in the report.

Mr. PETERSON. I obviously haven't read it in that detail. Were you going to say something?

Mr. CRAWFORD. I was just going to mention, just highlight some of the coverages that we have had, in terms of the SDA's. Mr. Medvetz.

Mr. MEDVETZ. Yes. We have carried out some—well, one extensive study, in which we visited 63 SDA's, and we agree with Mr. Peterson that the recordkeeping at the SDA level was very inconsistent. Some of the SDA's had very accurate and complete records and others we had to reconstruct everything that we did.

Mr. PETERSON. You had to reconstruct it?

Mr. MEDVETZ. Yes. By digging through participant files and other work.

Mr. PETERSON. What kind of records do they have, just financial records?

Mr. MEDVETZ. The problem was the consistency.

Mr. PETERSON. And again, because the ETA has not told people how to put this together? Is that what it is?

Mr. MEDVETZ. Yes.

Mr. PETERSON. There is no standardized format? Everybody has kind of developed this on their own?

Mr. MEDVETZ. Yes.

Mr. PETERSON. Does anybody know why that is?

Mr. GERALD PETERSON. Sir, I would like to just say that I do think the 1992 amendments are going to significantly impact that. I believe GAO would agree that, between us, we got 90 percent of what we asked to be included in the 1992 amendments.

Mr. PETERSON. How long is it going to take for those to take hold so we know whether we have this under control or not?

Mr. GERALD PETERSON. Now, you're asking the tough questions. [Laughter.]

I think they are to be implemented as of July of this year, and my guess is that because of the detail—there is a significant change, a very significant change—I would guess it is going to take about 12 months for them to be fully integrated into the various SDA systems.

Mr. PETERSON. Mr. Rush, if you want to ask questions, we will recognize you now.

Mr. RUSH. I have to go now.

Mr. PETERSON. Well, we appreciate you stopping by.

Mr. RUSH. Thank you.

Mr. PETERSON. So it is going to be implemented July 1, and it is going to take 12 months. That will be July 1, 1994. And it will take 6 months for you to figure out what happened. So we are looking at January 1, 1995, before we know?

Mr. GERALD PETERSON. That is probably a good date.

Mr. PETERSON. Will we know anything before that?

Mr. GERALD PETERSON. Well, we are going to know something. We are going to be down in those SDA's at some level. However, the impact of the changes, I think, you are not going to know a great deal about until then. Some of the SDA's, of course, will move much faster than others.

Some of them, for all intents and purposes, I think ETA would tell you and my staff would tell you, have implemented them now. Again, it is a very inconsistent bag out there.

I think, in fairness to the system, I don't think you could measure it systemwide until about 1995.

Mr. PETERSON. These States, every State has some kind of organization that controls the SDA's in their State; is that correct?

Mr. GERALD PETERSON. That is correct.

Mr. PETERSON. What are they doing? Why aren't they weighing in on this? If they wanted this responsibility, why aren't they helping to—in all cases, helping to implement it?

Mr. GERALD PETERSON. I think it is inconsistent again. But, for the most part—and it is bad, sometimes, to generalize—but, for the most part, I think the States did not step in as was envisioned in 1982. I think we envisioned that the States would step in and take over the role ETA had played in the past. I think, for the most part, that simply did not happen.

ETA reduced their staff, as you know, very considerably. And I, for one, would not be bashful to tell you that I do not think ETA has the resources to carry out the oversight—

Mr. PETERSON. Right now?

Mr. GERALD PETERSON [continuing]. Right now, I don't think they have it. I think that they are spread very thin and are going to need some help.

Mr. PETERSON. Do the States have the resources?

Mr. GERALD PETERSON. Again, the States did not build up the resource that was expected to take place.

Mr. PETERSON. Should we undo that? Should we take the States out of this?

Mr. GERALD PETERSON. I think that is a question for someone besides me.

Mr. PETERSON. You don't have an opinion?

Mr. GERALD PETERSON. I have an opinion. I think the States should be in it. I think it was hopeful thinking, however, that they would react to it rapidly and provide the kind of oversight that ETA had provided. It just did not happen. At least, it did not happen uniformly.

That vacuum has been there for the past 10 years, and I am not sure that we can correct it without giving the ETA some resources to provide a more active Federal role.

Mrs. THURMAN. Mr. Chairman.

Mr. PETERSON. Mrs. Thurman.

Mrs. THURMAN. Will you yield for a second?

Mr. PETERSON. Yes. Go ahead.

Mrs. THURMAN. One of the components that I see missing here in evaluating all of this—and we do a lot of percentages, we do a lot of numbers—at the same time, between the 1982 to 1992, there was also a tremendous job loss around the country. Economics played into this as far as where and who could be placed, how they could be placed.

Is that a part of this report? I think that is a component, especially when I think of Florida, where unemployment rose dramatically. It's hard to place somebody if you do not have the jobs to place them in to go to or to bring them to a higher level job.

We saw businesses failing during this time, so there was again no placement, and there certainly was no room for improvement for wages.

Can any of you respond to how that fact plays into these particular programs?

Mr. ORR. I could respond with respect to our own study. You are absolutely right, that the state of the local labor market may have a strong influence on what the program can do with a particular individual.

In our study, we were able to at least take that into account to the extent that we were comparing the JTPA participants with a set of control group members who faced the same labor market conditions. So the question we were asking was, even in a bad labor market, was the program able to help its participants do better than they would have without the program? The study sites also represented a fairly wide range of unemployment levels in the local labor market. This allowed us to look at the variation in program effectiveness across sites with different unemployment levels. Now, unfortunately, when you get down to that level, we had fairly small samples in each site, so it was not a terribly refined test. We did

not find any significant difference in the way the program functioned in low unemployment sites versus high unemployment sites.

In other words, we were not finding significantly better impacts in the low unemployment sites than we found in the high unemployment sites.

Mr. PETERSON. Besides that, we were supposed to have this big economic boom during that time. We created how many millions of jobs?

Mrs. THURMAN. I just thought I would bring that up just because of that particular circumstance. [Laughter.]

Mr. GERALD PETERSON. I think maybe the bigger problem is the fact that we have very little money going to skill training. I think the most alarming part of our report is that when you look at the money that actually goes toward enhancing a person's skill level, it is only around \$900 or \$1,000. So, regardless of what your job market is, you are not going to buy very much enhanced skill level with that kind of money.

Remember that we reduced drastically the amount of money going for training purposes when we went from CETA to JTPA. We added a level of administration—the State—so that the administrative costs of the program went up. The portion of money that actually goes to the added value of the person, the skill level of the person, has eroded.

You can find some great successes in the program, but most of those successes that you find and you say, "Gee, that is what the program really should do," you are talking about an expenditure of maybe \$10,000. You are not talking about \$1,000 or \$900 any more. Currently, you are not buying a whole lot of training with this program.

Mr. PETERSON. You just said again that the States created more management costs and you are saying we did not get anything out of that. So why should we keep the States in this? If they are not going to help us do part of this job, aren't they getting in the way?

Mr. GERALD PETERSON. I guess because you have to think that this is a State problem as well as a city, local, as well as a Federal problem. I think various levels of government certainly need to be concerned about this problem.

Mr. PETERSON. Are the States putting anything of any significance into this beyond funding administrative positions?

Mr. GERALD PETERSON. Again, ETA may be in a better position to answer that.

Mr. PETERSON. I think maybe some States are doing some things, probably.

Mr. GERALD PETERSON. They may be. They may be.

Mr. PETERSON. But I suppose it's all over the map. Does the GAO agree that the States have not really weighed in and provided much management and oversight? Do you agree with that assessment?

Mr. CRAWFORD. Generally, I think we would. I think that, again, the Department has not provided the leadership, has not called upon the States, in many instances, to do this. I think, as part of that issue of weighing what to do, the States do, to some degree, vary and it's uneven in the extent to which they are involved in oversight and monitoring.

If you eliminate the States, if that is one of the considerations, then the question becomes, would you have to perhaps considerably enhance the Federal level to be able to pick up the slack and to also do those additional things that you feel that the States should be doing.

I think the States, if they are involved, should have a value-added role. I think anyone involved should have a value-added role.

Mr. PETERSON. Does the Department of Labor have enough resources to manage this and oversee this?

Mr. CRAWFORD. We did not look at that, at the resource level within the Department and, therefore, I am really not in a position to comment on that. I think if you are proposing to give them substantially enhanced responsibilities, then the resource issue may be something that you very seriously have to look at.

Mr. PETERSON. In the 1992 amendments—and I wasn't that involved in those and am probably not up to speed as much as I should be—they were, I gather, not really given any more resources to implement those?

Mr. CRAWFORD. I don't think so.

Mr. GERALD PETERSON. Not to the best of my knowledge. They certainly are given a bigger role.

Mr. PETERSON. Right. But they were not given any resources.

Mr. GERALD PETERSON. Again, ETA can better address that. I am sure they will be happy to discuss that. But I know that they have an enhanced role.

Mr. PETERSON. I have some other questions here, but maybe we ought to just submit those to you in writing and we can move along here, so we don't run out of time.

I appreciate your being with us. Your testimony and your answers to the questions were useful, and we will probably continue to focus in on this as we move along here. Thank you all very much.

I call the next panel. We have William Struever, who is a partner in Struever Brothers, Eccles & Rouse in Baltimore, and a member of the Maryland State Governor's Investment Board; Patricia Irving, president and CEO of the Philadelphia PIC; and John Zeller, executive director of the Montgomery County PIC and Jon A. Gerson, director of economic development for Montgomery County. If you would all come up.

As is the custom, we swear in all of our witnesses, if you don't mind. So, please stand.

[Witnesses sworn.]

Mr. PETERSON. Before we start, we were also going to have Mr. Larry Buboltz, who runs Rural Minnesota SEP in my district be with us, but he came down with some kind of a head cold or whatever, and they did not want him to fly. He does have some testimony, which I would like to make part of the record.

One of the reasons we wanted him to be here was that he has one of the outfits in the country that does not operate underneath the SDA. They operate directly, for whatever reason and, in my opinion, do a pretty good job. So we will make his testimony and the information available, without objection.

[The prepared statement of Mr. Buboltz may be found in the appendix.]

Mr. PETERSON. We will start off with Mr. Struever. Welcome to the committee, and we look forward to hearing your testimony.

**STATEMENT OF WILLIAM STRUEVER, PRESIDENT, STRUEVER BROTHERS, ECCLES & ROUSE, BALTIMORE, MD, AND MEMBER, MARYLAND STATE GOVERNOR'S INVESTMENT BOARD**

Mr. STRUEVER. Thank you. A little background. I am a master electrician that turned builder that turned developer, and if the real estate market in America doesn't get any better, I will be back being an electrician again.

My experience in the job training business goes back to the beginning of private industry councils in 1978 under CETA when I was appointed to the Baltimore PIC. I actually had a chance, in 1982, to sit with the President in the oval office right before signing the JTPA legislation with a group of CETA trainees and talking about the bill, so I got in on the beginning.

It was a testimony to the bipartisan nature of this whole job training effort, which I think is absolutely critical. I'm a diehard Democrat and, somehow, Reagan got me in there for the bill signing, which is a wonderful thing—Democrats and Republicans working together on this.

I was chair of the Baltimore PIC. I remain active on the State coordinating council. We call it our Governor's work force investment board. Before that, I was chair of the education and then youth policy committees. I am on the board of the National Association of Private Industry Councils and am currently chair of the U.S. Basic Skills Corp., which is a big literacy nonprofit foundation doing work around the country.

I mention this because of the importance of coming to the issue of how well JTPA is doing from a broad perspective, both in terms of the kind of things it does and historically looking back, as we have been in this business for a long time now. It is always, as a businessperson, one of my great frustrations with government is how we can build on experience instead of constantly, every 4 years, throwing things out because it's Democrat or Republican and starting over again, instead of trying to build on that experience and do better.

I will try, quickly, to touch on the questions you have asked about the important features of JTPA and the role of PIC's and State councils and some of the successes and some of the problems we have had, and who we try to serve, and then try to end up on some key issues looking forward.

On the strengths of JTPA, No. 1 is the partnership. This opportunity to bring business and labor and government together in a real way is tremendously important.

A second key part of JTPA is the effort to work together in an integrated way across agency and program boundaries so you don't care whether it is this thing or that thing, but you care about what comes out. Ultimately, the third feature being the performance-based outcome driven nature of JTPA is really the most important part: How can you get these folks so they can be self-sufficient with good-quality jobs and take care of their own problems?

Fourth, when you are talking about oversight, a big strength of JTPA is it is a locally managed and relatively flexible program

which, given the tremendous diversity—you are talking about the economy and what effect it has on the labor market, the kind of jobs that are available and the kind of resources that are available in different communities—to be responsive to that and effective and have good programs, you really have to have locally based programs that can be flexible and work around local conditions.

The role of PIC and the role of business: Coming from the business world, I personally think it is absolutely wonderful that we have created this opportunity for business to take a leadership role dealing with a top economic issue before the country. We know where the job market is and where it is going as well as anybody. It is a tough thing to keep track of.

In many senses, business is the customer, the people that need to help put unemployed folks to work. The role of PIC's is an inter-agency policy board. The wonderful thing in our PIC is that we have no patience for turf, as to "This is in the Welfare Department" or "This is over in Voc. Ed." or "This is over in Education." We don't care. We all sit around the table and work together, and that is how we see our PIC working.

We are outcome driven. We ask tough questions on our PIC. Five years ago, we were really concerned about the lack of skills, and we needed to get working on literacy and what is going on in schools. So we forged a major effort, in partnership with the school system. Now, we have a real concern about what is happening with the out-of-school youth and we are really making a big push on young male dropouts.

That is the type of policy direction that comes out of the PIC's and the partnership and the businesses knowing what is going on, and the accountability, which is a major part of what PIC's are about. PIC's are also advocates—advocates for investing in a proactive way to solve these problems.

We have taken the PIC, our PIC, and expanded in taking a larger role in work force investment issues. There are many PIC's across the country doing this.

In terms of our State council, in our State we are blessed with very strong leadership from our Governor. He has his key cabinet people on our council and on our executive committee. We sit down together with the State school superintendent, the head of economic development, the head of job training, and knock heads and try to work things out, so a real effort to coordinate. Since so much funding and program regulations come from the State level, State coordination is critical.

Our State council also plays a key role in terms of capacity building, working with the 12 PIC's in our State in terms of helping them get better and smarter about how to run effective programs. The State council has been a very important tool in terms of leveraging State funding to work with JTPA. Our PIC gets only about half of our funding from JTPA and the rest comes from all kinds of different sources, including State moneys.

Our State council is also leading the way nationally in terms of this concept of the broader role in work force investment programs, which I am excited about and I think is the future.

A couple of successful programs, then I will talk about some headaches we have.

Project Independence, which is our JOBS/welfare employment program. We had a jump start, because we had a State welfare employment program called investment in job opportunities a couple years ahead of JOBS and we gave PIC's the lead responsibility, to convene on the local level and do planning because, again, the issues are different.

In some parts of the State the biggest issue is there are no cars, no transportation. How do you get people to work? In Baltimore City, the issue is that nobody can read.

So each local PIC was in charge of putting the SDA, the welfare department, the education department together, and coming up with our own plan about how to run a welfare employment program that looks at support services—health, child care, and transportation—what kind of education and training support we need, and where the jobs are, and job placement.

A second successful program model is in dropout prevention. As I mentioned before, we are tremendously concerned with our 50 percent dropout rate that we have in Baltimore City and not as bad, but also a serious problem elsewhere around the State.

So we started, 4 years ago now, a program that focused on eighth graders coming into high school that were doomed to failure. These are kids that were two grade levels behind. Statistically, over 90 percent would not graduate without somebody getting there, aggressively intervening and helping the kids get on the straight and narrow.

That is what this program is. It is a year-round program. Intensive summer, in school, out of school. We have counselors for every 25 kids, that are those kids' advocates in making sure they show up to school and working with their families. A wonderful program.

What doesn't work? I think—constantly looking at your outcome-based programs and talking about all these statistics and stuff that the IG and everybody was talking about a minute ago—it really comes down to, when you are sitting down in your PIC, talking with the SDA director and the different program operators, you know, "What is going on here," there are a lot of measures out there as to how things are going, and we do ask tough questions.

A good example of this, and where we see things not working, and we are constantly trying to make things better. When we started Maryland's Tomorrow Dropout Prevention Program, after the first 1½ years we had our results in. Academics for the ninth-graders was a big, big problem.

We had this wonderful summer program with outward bound and work experience. And we said, "Wait a minute. We got to get going on academics so when they come in the ninth grade they really have a running start instead of being behind." So we greatly reinforced our academic enrichment in Maryland's Tomorrow Program and improved the program results. We are constantly tinkering, asking tough questions, making it better.

I am delighted to see that the President's proposal for summer challenge talks about a third of the new money being available for academic enrichment. We are great believers that summer programs should have a very strong foundation in skill training and basic skills, and helping kids get through school, and not just work experience.

Other things that have happened. We have had a real tough time in our literacy programs in terms of coordinating across all the different things going on. That is something we are still working on, with adult basic education and all these different little funding sources kicking around out there, how we can also convene literacy teams at the local level. In Baltimore City we have a great program going that way, but elsewhere in the State, a problem. The job service has been a big difficulty in years past in terms of trying to get them on the team.

So those are the problems that we continue to struggle with, with our programs.

In terms of who we serve in Baltimore, Baltimore, like many other large cities, has enormous problems with desperately poor people and lack of jobs. Fifty-one percent of the people in our programs, JTPA programs, are welfare recipients. Ninety percent are minority. A third are dropouts, and that is even though we have a lot of in-school programming.

As I mentioned in terms of people served, one of our big pushes now—and I think the JTPA amendments are pushing in the right way—is out-of-school youth, because we are losing 50 percent of the kids entering high school who are not coming out the back end. We have a big push with young male dropouts that we are just starting now.

Fifty-five percent of the young African American men in Baltimore that are 18 to 35 are either awaiting trial, in prison, or on parole. An enormous problem that is literally tearing out the confidence and spirit of Baltimore. We have a great city but, unless we do something about helping these kids get into society in a productive way, we are in big trouble.

So we have an action plan that we are putting together. The State is working on this and the Baltimore PIC is working on this, to do a residential-based program for first-time, nonviolent offenders, working with the Job Corps as a possible satellite demonstration project.

We want to do a skills academy, a nontraditional approach to skills training outside of the traditional school environment, a very disciplined kind of base. We want to do community hubs where we can put the same kind of comprehensive efforts that we have done with welfare recipients, with women, who have different kinds of barriers and problems. We need to do that with the young men in terms of how we can speak the language and get them involved with training and going someplace.

Another population served that we are starting to work on is current workers, in upgrading skills and trying to create a high-performance work force, working with business on management and management training and upgrading. We have a program called partnership for work force quality where we do 50-50 splitting of costs with business to do skill training with employees that are currently working.

Does JTPA work? I think, if you have a locally managed program, 640 PIC's, in a flexible program, you are bound to have some that are great and some that are not so great. My personal feeling is that, on balance, you have some fabulous programs out there, and the trend is up in terms of doing better.

The important issue is how Congress, how Washington, how the States can help reinforce and make local programs better. There is always room for improvement in terms of the kind of things you were talking about, the constant hitting on the performance-based outcome measures—"Where are we weak; where do we have to improve that?"—and asking those tough questions.

Like with the literacy program I mentioned, you still have programs out there that are measured in quality by the hours of seat time. As a businessperson, I could care less how long somebody sits in a seat learning how to read. What I want to know is whether they learned to read. Do they have the skills to work and work at one of my job sites? That is what really counts in terms of outcome.

Another concern whether JTPA works is this kind of partnership with other agencies. There is a lot of progress in terms of this broader PIC role at the local level, and at the State level in terms of the work force investment system.

One of the biggest culprits is Congress, and Washington, with all this stuff that comes out on vocational education or welfare, whatever, constantly heading off in different directions. You have a work force system that is set up. You have a partnership set up with the private industry councils. Use it. Use it effectively. Make us accountable. Make us responsible. But give us the help and resources to do it. Don't make our problem worse by sending this stuff off in 50 directions. That's a big issue.

A big issue for us in Baltimore and other big cities is a lack of jobs. You can talk all you want about placement rates. Jobs is the bottom line. That is the outcome they are all after, and quality jobs that pay a living wage for a family.

Baltimore has lost 12 percent of its employment base in 2 years. Maybe the economy is recovering. Maybe not. But it sure as hell is not recovering in the city of Baltimore and it is not recovering in cities like us around the country.

We need to do something to target economic incentives, to create jobs in cities, because the disparity between city and suburb—it is happening in Baltimore, it is happening all across the country—is just growing enormous. Us folks on the PIC's and in JTPA cannot do our job unless there are jobs out there to be training and putting unemployed folks into. So we need your help with that.

In the meantime, we need community service employment. If we don't have the private sector jobs available, let's put these folks to work with community service jobs. There are tons of good, productive things that we can do in our community. We have a tight budget, and if we could get the kind of public service job support we used to get under the old CETA program, we could really go somewhere.

The last issue is resources. When I started on the PIC in 1978, we had \$115 million to work with on that PIC. I like to think we are good and efficient and effective. But we have a bigger problem, we have a higher unemployment rate, we have more long-term unemployment, we have less jobs to put people in—and we have \$28 million to work with now.

So you can talk all you want about effectiveness and efficiency, but we need adequate resources to do the job.

With those things, I hope you give a vote of confidence for the PIC system and do good things. Thanks.

[The prepared statement of Mr. Struever follows:]

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## Testimony Of William Struever

### To The Government Operations Subcommittee on Employment, Housing and Aviation

Good Morning, I am Bill Struever, the President of Struever Brothers, Eccles and Russell, a development company in Baltimore. For the past ten years I have been actively working with education, employment and training programs in both Baltimore City and the State of Maryland. I am currently a member of the Baltimore City Private Industry Council and the Governor's Work Force Investment Board. I was the PIC Chair for many years and currently chair the Youth Policy Committee for the State Board. I am also active with NAPIC and I serve on their board. Even with all this experience, I don't consider myself an expert on the JTPA rules and regulations. But I have had a good deal of experience with JTPA and other government work force development programs.

I appreciate the opportunity to talk with you today about JTPA. I want to address the issues outlined in your invitation letter.

#### 1. Description Of The Role Of A PIC In JTPA Decisions and Funding

The simple response to this issue would be to recite the party line and say that the PIC makes all JTPA funding and program decisions. Having been involved with a PIC and the State Council for some time, I know that this is not accurate. PIC involvement with funding and program decisions varies from PIC to PIC and can even vary as the issues change. I think it is fair to say that generally there are three basic categories or types of roles that PICs have assumed. The first is the role of "Board of Directors" which is very similar to a corporate board of directors. A PIC that has adopted this role is generally very independent, makes all of the major funding and programmatic decisions and sets the overall policy and direction for the total program. In Maryland, this role is often associated with PICs that have been incorporated. Three or four of the twelve PICs in Maryland have adopted this type of role.

The second type of PIC role I see in Maryland is the PIC as a strong program and policy board. This role is somewhat different than that of the "Board of Directors". PICs that have adopted this second type of role make major policy and funding decisions in concert with the local elected officials who appointed them. In other words, this second role represents a closer partnership of government and business. The majority of PICs in Maryland have taken this approach. For example, in Baltimore, Mayor Kurt L. Schmoke has embraced the work of the PIC and has elevated the position of the SDA administrator to cabinet status.

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The last type of PIC role -- and I am happy to report that it is in the minority in Maryland -- is the PIC as an advisory group. At the onset of JTPA, this was the role that the majority of PICs in Maryland played. Over time this type of PIC has been phased out as local elected officials and staff realized the advantages that come with sharing the authority and responsibility for work force development with the business community.

While both the first and the second roles described can be effective, I believe that the second role provides the best opportunity for effective PIC input. Before I move to the second issue, I would like to share with you some ideas as to the appropriate role for a PIC in the future. It may surprise you, but I believe that none of these roles will be effective in the future. While the first two may be fine for a PIC that is simply focusing on JTPA, simply focusing on JTPA will not enable most communities to address the work force investment issues that confront our Nation. For the past year or so, the State of Maryland has been developing and fostering the idea that the PIC needs to evolve into a local work force investment board: a group of business, government, education, and community leaders who come together to address the work force issues that are of concern to the entire community. This is not to say the PIC becomes the control board for all resources, quite the contrary. This new PIC role is to act as a facilitator to provide a focus for the appropriate local leaders to work together to solve issues of mutual concern. In this role, JTPA is simply one of many resource streams that fall under the oversight of the PIC. We are moving forward in Maryland with this concept. In Baltimore, we are fortunate to have a progressive PIC which attempts to function in this role and is able to maintain the regular attendance of key players in the City including the Superintendent of Education, the President of the local community college, the President of the local AFL-CIO and many others. Realizing the need to identify the job for the future and a means of customizing training for jobs for those outside of the mainstream labor force, our PIC is facilitating a collaborative effort with a host of entities from industry, education, and government to address this challenge. Our initial focus is on the health industry. This has already led to the creation of a new Life Sciences Training Center in partnership with our local community college. Other PICs in Maryland are also experimenting with serving in similar roles. I took the liberty of providing you with a description of the idea which we call "The Action Planning Guidelines For Local Integrated Work Force Investment Systems". It is attached to my written remarks.

## 2. Examples Of Successful JTPA Programs

First, I need to tell you that I am the eternal optimist. Therefore, from my perspective, there is no such thing as a less-than-successful program, there are only programs that are more successful than others. I have seen some JTPA efforts that didn't work, but in almost every instance this was more a result of the people running the programs than in the overall program concept. Therefore, I don't want to focus on the things that didn't work. I'd rather give you some insights as to the things I have

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seen that do work.

Baltimore has a long tradition of operating successful work force investment programs on a very large scale. Starting years ago with CETA and Marlon Pines and right through today with Linda Harris and JTPA, Baltimore has had outstanding government leadership. If I were to characterize the qualities I see in the Baltimore JTPA programs that cause them to be better than other programs I come into contact with, those qualities would be leadership and a holistic approach. In the City, the JTPA program is used to forge real partnerships and to help coordinate many other efforts. Let me cite some specific examples:

- **Project Independence**

Project Independence (PI), is the Federal JOBS program in the City. It is a wonderful example of using a team approach to help people on welfare break the cycle of dependency and move off welfare. The City PIC convened a welfare policy board which brought together locally all the important actors to assure the creation of an effective and responsive delivery system. I believe that it is this type of collaboration that has resulted in one of the most aggressive welfare to work strategies in the country. A strategy that has brought together the local employment and training, education and social services delivery systems in a truly integrated fashion. By coupling JTPA funds with resources from numerous other federal, state and local funding streams, we have been able to provide a high support, long-term training and education program for people on welfare and it has produced good results.

- **The City That Reads**

The City That Reads is an initiative to coordinate and organize adult literacy resources. Its goal is to eliminate illiteracy in Baltimore. Again the JTPA system in the City has been a central part of this effort. The SDA/PIC, working hand in hand with the nonprofit agency created by the City to address the problem of adult illiteracy set up special programs throughout the city to jointly provide services. Using this approach, both the JTPA system and the adult education system are able to help more people and to provide a more comprehensive service delivery system.

- **The Futures Program (School Drop Out Prevention)**

Starting with IIA, JTPA 8% and State funds, the PIC/SDA, with the help of the school system, has built an extensive dropout prevention program for a number of the City high schools. This program is administered by the PIC/SDA and operated in the school by school employees. Baltimore, as is true in many urban areas, has a significant school dropout problem. The Futures effort has started to have a positive impact on this problem. I think that this effort is a great model of how JTPA can be used effectively as a change agent in the schools.

There are many other good examples of JTPA efforts that work. For example, the Baltimore PIC and its government partner, the Office of Employment Development were at the helm of the creation of the Baltimore Commonwealth. This provides a continuum of services for in-school youth to prepare them for the future. These services include such things as community service clubs, college camps, workshops on careers in government and industry, student leadership development activities, launching entrepreneurs into action and other unique activities.

I think that it is important to note that in the City things work because we don't look at people as simply fitting into a particular "program slot". We endeavor to assess each person and to work with that person to find out what they both want and need. Then, depending on the resources and networking available, we try to help that person get what they need to achieve a labor market goal that is suited to them. This type of approach means that you need and use all types of program slots to their best advantage. When we are successful, and help people, it is usually because we were able to connect with that person, work with them and ensure they got the services and support needed to reach their goal. When we fail, it is most often because we never made the initial connection with the person or we just didn't have the resources to provide the services needed.

### 3. State Cooperation In Supporting Programs And Providing Technical Assistance

The State of Maryland is a great example of what States can do to provide leadership and support for the JTPA system. Many of the programs that I cited as examples of successful JTPA efforts in the City of Baltimore were made possible by State support and State leadership. Some specific examples of the State's leadership role are:

#### • The Federal JOBS Program

This program, which we call Project Independence, was designed by the State to be a partnership effort. In Maryland the State requires the PIC to form a local team that is made up of our Welfare Office Director, the local school representative and the SDA. This team is responsible for developing the operational plan for how all the Federal JOBS funds will be spent. The State then allocates these funds directly to the PIC. This was done so that the welfare employment and training system could build upon -- not duplicate -- the existing local employment and training system. I think that we may be the only State that is using the PICs in this type of role. And the results are that the State obtains more services for the welfare clients than they would have gotten if they had set up a separate system.

#### • The Maryland's Tomorrow Dropout Prevention Program

I mentioned the Futures Program earlier. Well, Futures is a part of a larger State

effort called Maryland's Tomorrow. The State decided that it needed to actively work with at-risk high school students to try to lower the overall dropout rate. It also decided that the best way to deal with these young people was to initiate a change in the way the schools approached this problem. This was done by using the PICs as the change agent for this effort. Using JTPA 8% funds and an ever increasing level of State funds, the State allocates funds to the PICs to work directly with the schools to provide enhanced services to kids who are in danger of dropping out. While the day-to-day operations are run by local school staff, the PIC is responsible for the overall coordination and administration of the program.

And the State's leadership role is not simply limited to developing new program models. They also provide leadership in a number of other areas. I previously mentioned the State initiative to foster a new PIC role and to develop a local work force investment team that can call upon all the local resources to address work force issues. Still another example is my own committee's work for the State Work Force Board. This group has been grappling with the problem of young African American males dropping out of the mainstream society. We have spent considerable time trying to get a handle on this problem and design a comprehensive approach to deal with it. I have included a copy of the report we produced that both describes the problem and outlines a comprehensive strategy to deal with it. This is an example of the type of policy paper that is widely disseminated and then followed up on by the State, who work with the local players to implement the recommendations.

Still another example of State support is the technical assistance capacity they foster. Beyond doing the things that the JTPA law requires in providing technical assistance to SDAs, the State has provided the resources and support for the development of the Maryland Institute for Employment and Training Professionals. This is a staff development and technical assistance unit that is independently operated by the SDAs using several State funding sources. The State also provides resources and support for both the PICs and the SDAs to maintain professional associations which provide a peer to peer technical assistance capacity.

While all of the Maryland PICs may not always agree with the specifics of what the State does, I don't think any of them would fault the State for not being supportive and endeavoring to provide leadership. They are an active partner in all that we do at the local level and provide a leadership and support function that has made our efforts much more successful.

#### 4. A Profile Of The Population The PIC Serves And The Definition of Success

I have read the criticism that some PICs only take the best people so that they can ensure positive results. I can't speak to what other PICs do but I can tell you that in Baltimore, we work with the people who need help. The participants served by the

Baltimore City PIC are what I would call very "high risk" in terms of living in poverty and the educational and skills deficiencies that they have. The overwhelming majority of the people we enroll desperately need education, employment, training and support services in order to increase their labor market potential so that they can compete in the labor market and move towards self-sufficiency. Let me provide you with some specific characteristics:

- Over 90% of the people we enroll are minorities;
- 46% were single parents;
- 51% were welfare recipients;
- 34% were school dropouts.

In terms of measuring program success, the PIC has made it clear that the ultimate goal is to have individuals get a job that will enable them to become self-sufficient. This means getting jobs for participants that either provide a good starting wage or provide the opportunity for advancement. It pleases me to report that even though we work with some of the hardest to serve groups and we have - for the last two years - had a tight labor market and a declining job base, 65% of the JTPA participants became employed!

We also measure our performance in a number of other ways. Using the JTPA National Performance System, we look at what the people in our programs earn over time and how many stay employed following the end of program participation. While looking at the number of people we help get jobs looks at performance from a quantity perspective, these measurements provide us with more of a quality evaluation of our efforts. The PIC has had an excellent record when judged by these National standards. It has made or exceeded all of its standards for every year that they have been used in the JTPA system.

The PIC also recognizes that there are interim stops on the road to self-sufficiency. For youth, the attainment of employment competencies is an important measure of interim success. This type of outcome is also measured and the PIC exceeded this JTPA performance standard by over 20% last year. Another interim measure of success for adults is the attainment of a GED. The PIC sponsored programs were responsible for 34% of all the GED administered in Baltimore City last year. This shows the strong commitment the PIC has to long term solutions. I am very confident when I relate to you that in Baltimore City, the PIC sets some high expectations for the JTPA program and for all the years I have been associated with it, the program has met or exceeded our expectations.

##### 5. Recommendations For Improving JTPA

From the comments I have made, by now you realize that I think JTPA in Baltimore is pretty good. In fact, the one major change I would recommend would not even apply to JTPA in Baltimore or the State of Maryland because the State and the City

are already trying to make the change. That change would be to pull more of the work force investment programs together so that they become a real, integrated work force investment system. Through five or six different laws that you have passed over the years, you have created at least five different, major work force programs (JOBS/JTPA/Job Service/Voc.Ed/Voc.Rehab) and probably thirty or more other, smaller programs. Just the other day I heard that the Defense Department was starting a "Job Corps" type program to be operated at military bases that have extra capacity. While this may be a good idea, none of these programs are really required to do anything more than pay lip service to integrating their services with all the other programs. The really amazing thing is that there is a huge overlap in the people served by all these different programs and I would surmise that a lot of duplication in information taking, assessment and employability planning also occurs. I'm not advocating that all of these programs be lumped together as one effort, but I am advocating that States be required to sort through how all of them work and to develop and use a plan that will make sense and cut down on overlap. If we could do this we also could provide a more seamless service delivery system and might even be able to develop the holy grail of the work force investment system -- the "one-stop shop".

My second recommendation is probably one you don't want to hear. Leave JTPA alone for a couple of years. It is just now implementing the major changes you made in the law last fall and it will be some time before we see the full impact of these changes. JTPA is just about at the stage where it has matured as a program. It will see the passing of its first decade later this year. I have heard of discussions that since JTPA was started under a Republican administration that it might well be terminated. This would be a very big mistake. JTPA isn't perfect, but it is effective in most areas and it is the only program that provides a real opportunity for an effective government and business partnership. Making additional, major changes to JTPA at this time would not bode well with the local business community -- many of them are still grappling with the recent amendments. Ending JTPA would send a clear message to the business community that this type of partnership is not important. At a time that we need aggressive business and government partnerships to effectively deal with global economic competition, ending the one real partnership program would be a huge mistake.

I want to end my remarks by noting that JTPA provided the opportunity to build a comprehensive system to serve disadvantage people. In Maryland -- and I suspect the same is true for many other States -- we built on this opportunity to expand and forge the beginnings of a work force delivery system that encompasses so much more than simply JTPA. Drastically altering or ending JTPA could well tear down the infrastructure that it has taken years to build. I'm in the business of taking solid, old buildings and building on to them and making them better. I know this approach makes sense. I would strongly recommend that be the approach the Federal government takes when it considers what to do with JTPA.

**ATTACHMENT 1**

***THE STATE OF MARYLAND  
ACTION PLANNING  
GUIDELINES FOR LOCAL  
INTEGRATED WORK FORCE  
INVESTMENT SYSTEMS***

***DEVELOPED BY THE GOVERNOR'S  
WORKFORCE INVESTMENT BOARD***

## THE ACTION PLANNING GUIDELINES FOR LOCAL INTEGRATED WORK FORCE INVESTMENT SYSTEMS

### I. INTRODUCTION:

America is in a period of economic challenge -- it has been called by some experts an economic war. Our success in responding to this challenge will impact upon every person in this Nation. With the close of the Cold War and the opening of new markets throughout the world, the potential for a productive and thriving economy based upon export expansion has never been greater. If we are able to capitalize on this potential, our Nation will thrive and continue to offer opportunity for our children to prosper and maintain our standard of living. If we cannot compete, it directly translates into shrinking opportunity for our young people and to an erosion of our living standard as compared to our industrialized competitors.

While we won the Cold War, all indicators point to the stark fact that we are losing this economic war to our European and Asian competitors. The reasons why we are losing are complex, but every expert agrees that a major factor -- perhaps the single most important factor -- is that our work force is not as productive and skilled as our competitors. Consequently, it is critical that we solve this problem.

The Governor, in the State's Work Force Investment Plan, has set out a vision to address this challenge. The vision is for every citizen in Maryland to have the opportunity to fully develop the skills and abilities needed to maximize life-long earnings. This vision includes providing Maryland employers with a highly skilled, productive, world class Work Force Investment System that maximizes the efforts and resources of government, education, business, and the community. Achieving this vision requires creating a Work Force Investment System with the specific mission of:

- **Integrating programs and resources into a seamless service delivery system that is keyed to local economic development planning and is customer driven, provides better access and produces a work force that is world class and capable of competing in the global economy.**

The Governor and his cabinet fully support the forging of such a system in Maryland. The Departments of Human Resources, Economic and Employment Development, Education and Higher Education all have joined in this effort and are pledged to actively work as a team to both create a State Work Force Investment System and to foster and support local areas to do the same.

A prerequisite for creating a Work Force Investment System is that all of the people responsible for the existing core of work force investment programs must form a working team that joins with the private sector and jointly acts to address our work force problems. The State has such a planning and policy team in the Governor's Work

Force Investment Board (GWIB). These Action Planning Guidelines will serve to assist local areas in formally accomplishing the same -- bringing people who are responsible for programs together with representatives of the private sector to work as a team so that they can forge a comprehensive plan and a comprehensive, complementary service system for achieving work force investment goals. The State recognizes that many areas may already have comparable teams in place. This initiative is not intended to duplicate existing efforts but rather expand their role and function.

The planning guidelines that follow have been designed to serve three interrelated purposes:

- To provide the parameters and focus for the drafting of a local Integrated Work Force Investment Action Plan;
- To outline a process for local areas to use to create this plan; and
- To establish, at the local level, a point of accountability for the work force investment system.

## II. GOALS AND OBJECTIVES:

A critical element for developing a Work Force Investment System is to establish a clear focus. Goals and objectives serve that purpose. Accordingly, the Governor has established two broad based goals for the Work Force Investment System. Included with these two goals are four focus areas that represent important State issues.

- Goal:** The Work Force Investment System will work to increase the labor market attachment and labor market value of all Maryland citizens.
- Goal:** The Work Force Investment System will improve the delivery of services, and make them more effective, efficient, accessible and responsive to the needs of both employers and people seeking employment.
- Challenge Areas 1:** Improve School Performance: It is firmly believed that if we can improve student competencies while in school and develop a rational connecting system between school and work, many of our problems would be alleviated. Local areas are urged to work creatively to de-mystify the workplace for schools and de-mystify schools to employers so that better interactions can develop. Achievements will be measured primarily by the Maryland School Performance Program, to include:
- Graduation Rates;
  - School Performance; and in addition
  - The Development of Local School to Work/Education Transition System.

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2. **Improve the Welfare to Work Transition:** Trying to develop a quality Project Independence program within the constraints of the Family Support Act is a continuing challenge. In addition, the national climate concerning welfare reform will be undergoing dramatic changes. It is hoped that new resources, new program models, more employer participation in grant diversion, on-the-job-training (OJT), - work experiences will emerge that will enhance and accelerate the move up from dependency. Achievements will be measured by the increase in the number of welfare recipients that are placed and retained in quality jobs.
3. **Increase Services For Out of School Youth:** The national specter of millions of out of school youth - unemployed - alienated - and actively involved with only one system, the correctional system - must change. Schools - community clubs - employers - recreation specialists - career counselors -- all must play creative roles in bringing young people, particularly young males, back to their families and their communities as constructive citizens and workers. Easier said than done. Achievements will be measured by realizing an increase in the numbers of out of school youth, especially out of school young males, that are actively engaged in activities to increase their prospects of obtaining and maintaining economic self-sufficiency.
4. **Improve Work Force Development Strategies:** It is hoped that the expertise of the Career and Technology Educators, the Community Colleges, and the JTPA system working in concert with local employers will be able to better articulate skill standards and training models to meet local labor market needs for a diverse group of job seekers- the chronically unemployed, the displaced worker and the new job seeker. Achievements will be measured by the change in the number of training, retraining and upgrading activities currently taking place in the jurisdiction for adults and the positive outcomes of those activities.

These goals and challenge areas are suggested as the starting points for local planning. It is suggested that local Teams initially select two challenge areas for the

first planning phase. The other focus areas can be addressed in a later plan modification. The local team should consider adding additional goals and challenge areas as needed to address specific labor market problems in their jurisdiction.

If a Planning Team believes that a State focus area has been adequately addressed in their jurisdiction and no longer presents a problem, it can concentrate the planning effort on the remaining challenge areas. Furthermore, if the local team believes that another, local issue is more critical than a State focus area and resources do not currently exist to address both the local issue and the State challenge areas, it may opt to substitute the local issue for one of the State challenge areas with a brief explanation.

### III. RESOURCES:

A number of Federal, State and local resources are available that can potentially be used to address work force issues. The key ones are listed below. Programs receiving funds from the following resource streams should be asked to participate with this effort.

- The Job Training Partnership Act Funds;
- The Wagner-Peyser Act (Base Grant);
- Community College Funds (Career and Continuing Education Programs);
- State and Federal Vocational Technical Education Funds;
- JOBS Funds;
- Maryland's Tomorrow Funds;
- State and Federal Adult Basic Education Funds.

At local discretion, other programs can be included such as Community Development Block Grants, Health and Human Services funds, HUD resources, local career education funds, vocational rehabilitation, state and local economic development resources.

### IV. THE PLANNING TEAM:

The success of this important effort is contingent upon the existence of an active planning team of co-equal partners, each bringing different resources and insights to share with the group as it focuses on the critical work force issues that face the community. In order to avoid unnecessary duplication and to build upon existing systems, Private Industry Councils, are being asked to act as the facilitators of this planning process. They are encouraged to take this opportunity to lead the way to a productive and integrated partnership of all the concerned entities at the local level. But the GWIB recognizes that some Private Industry Councils in the State may not feel comfortable with assuming such an enlarged leadership role. Therefore, after convening the Team for its first meeting, if the PIC decides not to take on the leadership role, the specific roles of the participating groups, along with the identification of a chair to assume the leadership role, should be decided by the majority of the team members.

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The planning team partners should include:

- The PIC Chair or a PIC Business Member (Planning Team Convener);
- The Job Service Manager(s) from each jurisdiction represented;
- The President(s) of any Community College in the area;
- The SDA Director;
- The Social Service Director(s) from each jurisdiction represented;
- The Superintendent(s) of Schools from each jurisdiction represented.

At the discretion of the person(s) identified, designees who are authorized to act for the team member can be named to the Planning Team. Furthermore, in multi-jurisdictional areas, other membership arrangements may be considered such as Team members from a particular agency selecting a single representative to actively participate and be the spokesperson for the entire group.

It is strongly encouraged that the team seek to involve other employers, perhaps incorporating employers that are active with the local advisory councils for the local areas' technical programs. Furthermore, the Team should seek input and participation from other local government and community based organizations, and from the not for profit sector that are providing work force services, such as adult education, correctional education, economic development, vocational rehabilitation services, health, housing, etc.

Staff support for the team can be provided by any or all of the agencies participating with the effort. It is clear that the Team will rely upon good staff work in order to make this endeavor a successful one. Because of the critical nature staff support plays in this type of undertaking, the specific plan for staffing the Team must be a mutually acceptable arrangement for the majority of the Team members.

The State hopes to provide a capacity building planning grant of \$15,000 to every team (not to exceed 12) which can be used for staff support. Local programs are encouraged to supplement and support these funds with additional cash and in-kind resources.

## V. PLAN OUTLINE:

The following outline has been established for each area to use to develop a plan.

### A. Mission

Each plan should develop a statement that identifies the over-arching mission of the total Work Force Investment System. This mission should be reflective of the goals and objectives stipulated in these guidelines.

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**B. Goals and Objectives**

The challenge areas identified in Section II and/or any local challenge areas should be listed in this section of the plan. Please note, it is critical that for each focus issue, clear, measurable outcomes be developed so they can be used for local reporting and accountability.

**C. The Planning Team**

A brief description of the planning team and how it works should be included. This section should include:

- The names and organizational affiliations of all the team members;
- A brief description of how the team was staffed; and
- A brief description of the team's planned actions for the future, including how oversight of plan will be accomplished in the upcoming planning period.

**D. Current Effort**

This section of the plan should briefly identify current efforts and resources that are used for each of the four State work force investment challenge areas described in Section II and any local focus areas that are being selected. Resources should be specifically identified as to source of funds, focus area and projected expenditure.

**E. Planned Improvements**

This section should identify the challenge areas that have been selected by the local planning team as their year one priority areas for the planning cycle (see Section VI - Time Frames). A brief description of how the various programs and resources will be used to address these areas should be provided. Include in this description:

- The overall approach/plan of action
- Specified allocation of resources/budget
- Outcomes expected
- Collaboration planned

**F. Reporting System**

The key to a successful, ongoing planning process is feedback on results. This section of the plan should detail the type of feedback the Planning Team hopes to institute. Specifically, this section should identify:

- What reports/data will be required;
- How will success be defined;
- What bench mark period/data will be used;
- Who will be required to report;
- The frequency of reports; and
- The follow-up action based on the reports.

**G. Planning Grant**

Briefly describe how the planning grant was or will be used by the local team. This grant has been provided to facilitate the development of the plan and/or to facilitate

the ongoing planning and monitoring process. The funds can also be used to foster linkages and/or interagency cooperation. Include in this description the time frames for expenditure and the what specifically will be purchased with the funds.

#### **H. Program Agreements (Optional Section)**

It may be helpful and productive for agencies to formulate agreements to outline collaborative operations and integrated activities. If agreements are being developed, provide a brief description of which agencies and the focus of the agreement (or attach a copy).

#### **I. Concurrence**

All major Team members involved should show their concurrence with the plan by signing-off on the plan.

### **VI. TIME FRAMES:**

The first planning cycle will be three years and the time frame covered by the plan will be 1/1/94 to 12/31/96. Critical dates for the current planning cycle are:

- Publication of final planning guidelines by the State – 6/1/93;
- Submission of Phase 1 plan to State – 11/30/93;
- Comments from the State on the local plan – 12/30/93;
- Submission of Phase 2 plan to State – 6/30/95;

## Questions About the Integrated Plan Process

### 1. Why is an integrated plan needed?

Many of the unsolved work force investment issues cut across the boundaries of State and local agencies. No one agency has all the resources and expertise needed to adequately address those cross cutting issues. An integrated plan is the best way to effectively begin the process of dealing with these issues. Furthermore, the private sector has not traditionally taken an active role in planning for or addressing human resource development issues. Since they are ultimately expected to provide jobs for the people that take part in these human resource development initiatives, they need a way to be actively involved. The development of an integrated planning process and approach provides such a mechanism.

### 2. With all the changes about to take place, why start an integrated planning process now?

To paraphrase a former President who paraphrased a former Chinese philosopher, "A journey of a thousand miles begins with one step". We have a very long way to go to address the critical workforce investment issues that confront us. We cannot afford to wait. It is true that many of the programs that will come under this process face a future that will be characterized by change. The type of joint planning and interaction envisioned to be a part of the integrated planning process should in every instance assist these agencies and programs better respond to the changes they may be asked to make. An example of this is the current JTPA system. The recent amendments to the Federal law require a number of specific linkages and coordinated efforts that are very much in line with the scope and purpose of the integrated planning effort.

### 3. What do I, as the head of one of the participating organizations, stand to gain by participating with this effort?

The way the integrated planning process has been outlined, participating organizations stand to gain a great deal and risk very little by participating with this effort. Given the assumption that the challenge areas selected by the State (or those that will be selected by the Team) represent critical community issues, the team provides the agency head with an opportunity to impact on the utilization of other resource streams that exist in the community that could be used to address these issues. For agency leaders that have the responsibility for improving the lives and quality of life in the community this is an opportunity that seldom presents itself. Furthermore, the ability to work directly with other decision makers in the community and share expertise and resources to forge a collaborative approach to address these issues should be an

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exhilarating experience.

**4. Does the State plan to use the Integrated Plan as a control document?**

While the State will review the plan, it is not a State control document. It is envisioned that the local team will use the plan and the process established locally to monitor its implementation as an accountability tool, but the State will not. It is anticipated that the plan narrative submitted to the State Annually will include a brief summary of the progress made. It is not planned that any formal reports will be required by the State relative to the planned activities.

**5. Does the plan require the team to establish a new and/or an additional reporting system?**

No! The plan guidelines do encourage the team to establish an accountability process that includes a feedback mechanism and reports. But this system does not need to be a new one. At local option, existing reporting systems can be used or modified to fit the needs of the team.

**6. If the PIC Chair leads the team, does that mean the PIC staff must provide the staff support for the team?**

This is a local decision. The State fully realizes the critical need for adequate staff support for this effort. Unfortunately, adequate resource do not currently exists to provide each area with the resources needed to underwrite appropriate staff support. It is hoped that all the organizations involved will contribute to provide the staff support needed to make this effort work. Another approach could be for one organization to take on the lead role for staff support for a one or two year period and then pass this responsibility on to another organization that is a part of the Team.

**7. Is this "Team" just the PIC? If not, how is it different from the PIC?**

No, the Team is not the PIC. This is not to say that the PIC, if all players agreed, cannot serve as the Team! Sound confusing, let us explain. From Federal legislative perspective, participation on the PIC has a very different focus. PIC members come together primarily to talk about and to specifically decide how to utilize JTPA resources and the other resources the State has opted to channel through the PICs. The Team, while it may in many instances be the same people, are decision makers, coming together to talk about overarching issues and to try to map out a interagency/intergovernmental approaches for dealing with these issues. These approaches should take into account all resource streams that can be used to deal with the issue.

That distinction made, if the members on the Team believe that using the entire PIC as the Team is a productive way to develop and monitor an integrated plan, they can certainly proceed in that fashion.

**8. Is the planning team being set-up to determine how all the dollars are to be spent in the resource streams in the plan?**

No! The planning team should be viewed as a partnership group coming together to focus on specific challenge areas. Each of the partners is a "general partner" that brings to the team particular resources and expertise. The team, as a group will work to get a handle on and address some very difficult State and local issues. Hopefully, each team member will participate in mapping out these approaches and be able to materially help the effort. But clearly, this may not always be feasible. In the final analysis, it will be up to each team member to determine the effective way to assist with the whole team effort.

**9. What happens if the Team maps out an approach, but one Team member refuses to cooperate? Can the Team make that organization cooperate?**

The team (as defined as the primary group of organizations listed in the planning guidelines) is a group of equals with each team member exercising unilateral control over the resources that they are legally responsible for. If an approach has been mapped out, and one team member has decided that their organization cannot play the role outlined for them, there is no legal power the team has to change that decision. This is why it is critical for the team to jointly work together to develop approaches. It is difficult to envision a scenario where all team members jointly develop an approach and then after it has been agreed to, a specific member refusing to follow through. After all, the Team focus on cross cutting issues that the team will be focusing upon. Issues that all the Team members have a stake in addressing.

**10. Will the State make the organizations it funds cooperate?**

The State has a funding relationship with all of the Team members (as defined in the planning guidelines). Essentially, two different funding relationships exist. One is a direct relationship, where the Team member is actually a State employee, and the other is a contractual or grant relationship where the State channels funds to a particular organization. In both instances, The State plans to aggressively encourage team members to actively participate with this effort.

The State intends to provide its employees with a measure of flexibility to respond to the team process and stands ready to offer its employees technical assistance in positively responding to ideas and approaches that develop from the team interaction.

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But in no instance does the State intend to "strong arm" either its staff or the organizations to which it channels funds. This would ultimately be counter productive to the building of effective local relationships.

**11. Does the team need to address the four challenge areas identified in the planning guidelines?**

The challenge areas identified in the planning guidelines represent critical "people problems" that the State is trying to address. Obviously, if these are critical State "people problems", they are local area "people problems" as well. Therefore, in most instances, the challenge areas identified in the planning guidelines will be challenge areas that exist in local areas too. If, in the opinion of the majority of members on the team, one or more of the challenge areas identified in the planning guidelines has been or is being adequately addressed, the Team need not spend time planning for this challenge area. All that is requested is that the Team provide a brief statement outlining why that particular challenge area is not a problem in their area.

**12. Can Teams pick other challenge areas?**

Yes, the team can and is encouraged to select additional challenge areas that are believed to be important work force investment issues that need to be resolved.

**13. How will the State support this initiative?**

The State plans to support this initiative in a number of ways. First, once the planning guidelines are issued, a planning conference will be held. The purpose for the conference will be to bring prospective team members together, to outline the guidelines and to start the planning process. Secondly, the State currently plans to provide a \$15,000 planning support grant to each area to provide a minimum level of resources the Team can use to facilitate the plan development and/or monitoring process. Lastly, the State will provide ongoing technical assistance to help local teams in this endeavor.

**14. Is this a one shot deal?**

Hopefully not! The need for our State to develop a world class work force, one that is capable of successfully functioning in a high performance work environment is not a one shot problem. It will take time and continued effort to achieve and maintain such a work force. An integrated local planning and accountability process is a step that will help us achieve this goal. Therefore, it is a process, that is successful, should continue to be used to respond to cross cutting work force investment issues.

**15. What happens if we decide not to establish a team and to develop**

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**a local integrated plan?**

In a few words, nothing will happen! No formal team will be put in place. No integrated planning will take place. And in all probability, little in the way of comprehensive, unified actions will occur to address the significant work force issues that confront us. In short, the community loses an opportunity to address some very important issues and an opportunity to forge a formal working relationship with the leaders in the community that determine how human resources issues are addressed. Furthermore, you lose time in moving towards a more effective and efficient way of doing the business of human resource development.

**16. Who do I call for additional information or if I have questions?**

Call Jim Callahan, the number is 410-333-5606.

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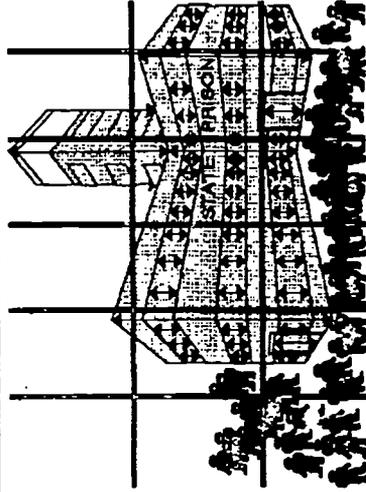
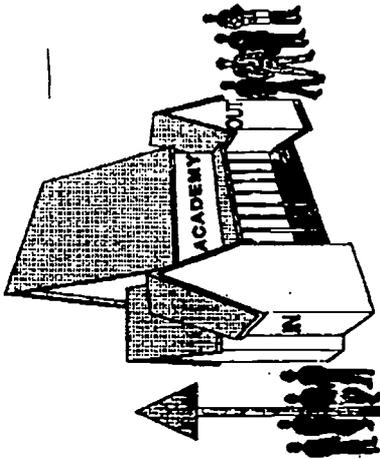
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**ATTACHMENT 2**

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# YOUNG MALE DROPOUTS IN MARYLAND



# CHALLENGES AND CHOICES

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## Young Male Dropouts in Maryland: An Action Plan

### Summary

The State and the Nation have a significant problem:

- ❑ Many American families are disintegrating;
  - ❑ Significant numbers of young men are dropping out and dropping into non-productive lifestyles; causing
  - ❑ Increased crime, incarceration and a waste of young people's lives.
- We need to address this problem. Specifically, we need:
- ❑ Opportunities - good paying, career type jobs, jobs that enable a family to live above a poverty level;
  - ❑ An organized attack on the problem, bringing together groups and existing programs so that a focused effort can be mounted to provide the support needed by these young men to prepare themselves for work;
  - ❑ New approaches, to complement existing efforts to educate and train this group of young men.

The GWIB recommends that the State work with local areas to develop several approaches targeted to young male dropouts. Specifically:

- ❑ Community Messengers - Peer group counselors to contact and recruit young male dropouts and link them to the existing services they need to prepare for work.
- ❑ Community Hubs - Existing or new centers, staffed by Community Messengers, anchored in the community that provide a staging area for outreach, recruitment, assessment and support services to young male dropouts.
- ❑ A Residential Training Program - A "Job Corps" type program that provides training and education at a residential facility away from home.
- ❑ An "Academy" Program - A non-credential structured program that provides both education and skills training in concurrent fashion using non-traditional teaching techniques and instructors directly from industry.

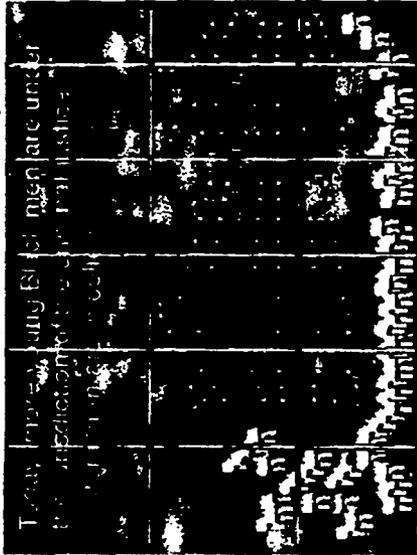
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## I. Introduction

Many American families are disintegrating. A product of this disintegration is the young male dropout problem. And, this is not simply referring to young men dropping out of school - although that is surely a part of the problem. It is better described as a significant number of young men who have "opted-out" of society. They have turned off or been turned out of families, they have forsaken traditional values and turned on to crime, drugs, and non-productive behavior. The tangible results of these problems abound:

- Increased crime and incarceration;
- Increased substance abuse;
- The development of urban "no man's" lands;
- Lost human resources; and
- Increased numbers of fatherless families.

This list could go on, but the point is clear; the disintegration of many poor families and the parallel "dropping out" of a growing number of disconnected, young males is one problem that we cannot afford to ignore. The State has recognized the problems faced by families and is moving aggressively on several fronts to help families stabilize. But, we have not yet outlined an approach appropriate for the young men, many still in their teens, who have already separated themselves from their families. These young men identify more with the streets and their peers than they do with their families and communities. It is this group that the Governor's Work Force Investment Board has singled out as needing our immediate attention. The remaining portion of this discussion paper outlines the problem and a comprehensive approach to deal with it.



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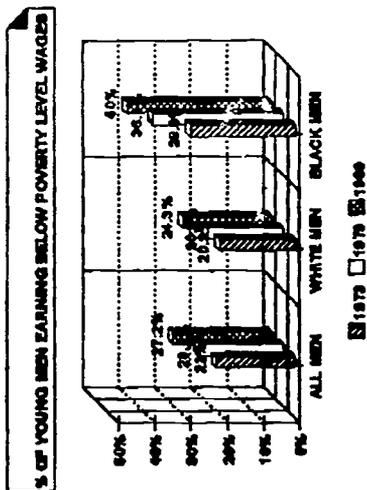
## II. Young Male Dropouts in Maryland: Where is the Opportunity?

The problems that young people face in obtaining jobs that will support families are significant. More young people today are at economic risk and live near or in poverty than ever before in our history. In many respects it is impossible to differentiate this problem by gender. While the poverty problem faced by both young men and women are equally important and equally as difficult to resolve, this report focuses on the young male. The reason for this focus is a simple one. At-risk young women, while not having the level of programs and resources needed to ensure success, do have a small cadre of programs dedicated to their gender - such as Project Independence. Apart from the criminal justice system, there is no similar cadre of programs for young men. Furthermore, as will be outlined in this report, more young men fall in our educational system which places them at even greater economic risk.

A growing number of young men are separated from a family environment and disconnected from their communities. They are caught up in a peer reinforced subculture that is characterized by crime, substance abuse and a disenchantment with family and traditional values. There is evidence that many have selected the path because the opportunity for traditional economic advancement has and continues to decline for young people, especially young people who lack education. The few jobs available to them lack a career path that would eventually lead to a salary high enough to support a family.

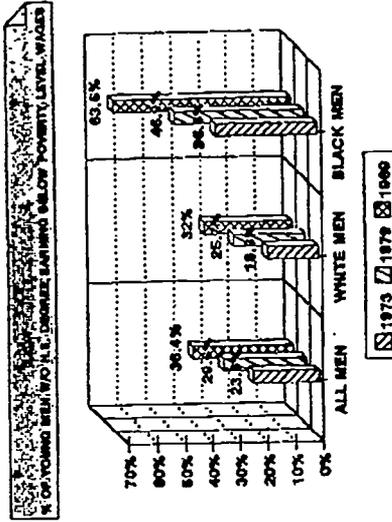
The graph in Exhibit 1 points out the decline in the relative earning power of young men from 1973 to 1983. It shows that for working young men (defined in this data set as between the ages of 20 and 29), twenty-two percent earned wages below the poverty level in 1973. By 1983, the percentage was over twenty-seven percent. For African American working men, the problem is even more acute. In 1973 twenty-eight percent earned less than poverty level

Exhibit 1



CPS Data from the Center for Labor Market Studies, Northwestern University

Exhibit 2



CRS Data from the Center for Labor Market Studies, Northeastern University.

wages. By 1989 the number that earned less than the poverty level had risen to forty percent.

When the lack of a high school education is added to the statistics, these numbers are even more bleak for young men, especially young black men. The graph in Exhibit 2 on the next page shows that close to twenty four percent of all young men who were working and lacked a high school degree earned below poverty level wages in 1973. This increased to over thirty-six percent by 1989. For young black men, the number earning below poverty level wages went from thirty-six percent in 1973 to nearly sixty-four percent in 1989. More than a third of all young men who were working in 1989 but lacked a high school degree could not support a family. For young black men who lacked a high school degree, it was nearly two thirds who could not afford to support a family. This economic fact is playing a major role in the increase of single parent families in this Nation and provides some insight into the difficulty every State is experiencing with the collection of child support. In simple economic terms, many young fathers simply do not earn enough money to both live and support the children they fathered.

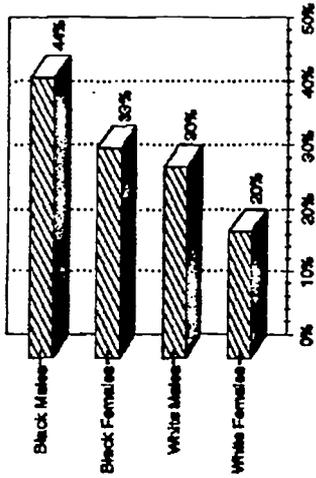
Add to these facts the information that has been published in a number of recent reports and a chilling picture emerges of the problems and lack of opportunities that are available to young people in this State - especially for young males. The Governor's Commission on Black Males, the Prince George's County Public Schools report on Black Male Achievement, and the recent report on African American Males in the Criminal Justice System in Baltimore reinforce the bleak picture of what it is often like to be a young man, especially a young black man, living in Maryland today. These and other reports clearly indicate the significance of the problem that confronts the State. Some of the facts that are of particular concern are listed on the following page:

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Exhibit 3

The Percent of 18 Year Olds That Are Below Grade Level



Source: The Forgotten Half

- By age 13, 44 percent of black males are one or more years below grade level compared to 33 percent of black females, 30 percent of white males, and 22 percent of white females (Exhibit 3).
- Homicide is the number one cause of death among black males in the 15 to 30 year old age group.
- One out of every six African American males will be arrested by the time he reaches the age 19.
- Suicide is the third leading cause of death among African American males in the 15 to 24 age group and this rate has nearly tripled in the last twenty years.

It is important to note that the perception that the young male dropout problem is simply a "Baltimore City" problem is not an accurate one. The City has a significant young male dropout problem, but other areas also share this problem. Except for some small rural counties, every area in Maryland has young, unemployed men who have dropped out of school and are not connected to a family or the community. In short, this problem is not a "City" problem or simply a problem of one or two other areas in the State, it is a problem that the entire State needs to address. While exact data on the number of young men who have dropped out and are on the streets is not available, a close proxy can be seen by reviewing the school dropout rates. The graphs that follow provide a strong indication that there is a young male dropout problem throughout the State.

The graph in Exhibit 4, which follows, represents the most recent annual State dropout rate multiplied by four to estimate what the total dropout rate is for the four high school years. Another way of talking about this data is to compare it to a hypothetical group of 200 ninth grade students - 100 men and 100 women. By the time they finish

Exhibit 4

**ESTIMATED 4 YEAR DROPOUT RATES**  
STATE OF MARYLAND



Based on MSFP Data for 1982

total State, the difference between the male and female rates is even greater than for the total State. Prince George's County is only one example of how the young male dropout problem continues to grow in Maryland.

**III. The Vision**

While the State is to be commended for new initiatives either planned or underway that potentially can be shaped to address some of the needs faced by young men, the State needs to both build upon these existing efforts and to seek additional ways to prevent additional

their senior year, only seventy-six of the young men will graduate along with eighty-two of the young women. If we add one additional characteristic, race, the picture becomes even more alarming. Of 100 ninth grade black male students starting school this year in Maryland only sixty will graduate!

It is clear that young men are dropping out of school at rates that are significantly higher than young women. Furthermore, in many Maryland counties, the difference between the male and female dropout rates is even more pronounced. The graph in Exhibit 5 shows the estimated dropout rate for Prince George's County. While Prince George's has a slightly lower overall dropout rate than the

Exhibit 5

**ESTIMATED 4 YEAR DROPOUT RATES**  
PRINCE GEORGE'S COUNTY



Based on MSFP Data for 1982

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young men from dropping out and to help those that have already dropped out. We cannot afford the waste of the talent, energies and productivity of so many young people; we cannot afford to underwrite the social cost of the problems these young people experience and cause. We need to expeditiously formulate a vision, create an action plan for dealing with this problem and proceed to implement it. In order to foster discussion, the GWIB has outlined a strategy to address this critical problem. It is not intended to represent the only approach, but it is a starting point to encourage concrete actions. The vision is:

**As a community, we must offer young male dropouts the potential for self-sufficiency, for a prosperous future and a means for making the transition to that future. To do this we need to take four interrelated steps:**

- **Step One:**  
Create opportunities for economic prosperity in the form of jobs with futures;
- **Step Two:**  
Communicate to the young male dropout that opportunities exist and convince them to take action to adequately prepare themselves for productive lifestyles;
- **Step Three:**  
Building upon existing efforts, create an integrated, comprehensive service capacity for young male dropouts that includes skills training, education and employment services that will enable them to expand their horizon of opportunities and address those barriers that have historically prevented them from accessing these opportunities and achieving self-sufficiency; and
- **Step Four:**  
Provide the necessary array of supportive services such as substance abuse, counseling and mentoring that will help them form a stable attachment to the work force.

#### **IV. An Action Plan**

The GWIB along with several other groups, has spent almost a year talking about, reviewing and examining this problem, and the efforts being made to deal with it. The one conclusion that has become clear is that there is no, one 'silver bullet' program available that will solve the problems facing young men. Solutions will require a long term commitment, entail multifaceted and collaborative approaches and the marshaling of extensive resources. The good news is that a number of existing initiatives can be focused to help address this problem. This will provide a foundation

that will enable the State and local areas to more quickly build a comprehensive approach that is suited to help young men who have already dropped out and prevent other young men from dropping out.

It is recommended that the approach start with an integrated strategy that combines prevention and proactive programs. Below is the outline of the strategy.

#### A. Continued Collaboration/Integration: The Action Team

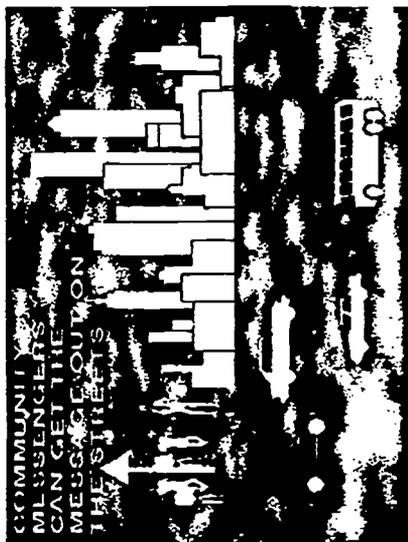
The Governor's Commission on Black Males, and several other groups are focusing on the plight of young males. All groups need to work together, become better organized and act in a more coordinated fashion if we are to achieve the comprehensive, effective approach envisioned. The first step is to bring these groups together in a more cohesive fashion so that precious time and resources are not wasted, so that ideas and strategies can be shared.

It is proposed that all of these groups be brought together as one action team. This can be done without any additional resources. If agreed to by the Team, the GWIB will provide staff support for the effort and work with the Team to secure additional help through foundations if needed. It is not proposed that any of the existing groups cease to work on this issue. By coming together as a Team, each separate group would focus on a different aspect of the problem and be expected to fully develop plans to cope with that aspect of the problem. By forming a unified action team to plan, assist in implementation and to oversee all the different actions needed to begin to address this problem, we can move forward more quickly and with greater accountability.

#### B. Accessing Resources and Connecting with Young Male Dropouts

##### B.1. Getting the Message Out Through Community Messengers

A recent report issued by the Research Division of MEE Productions, Inc. has touched upon a critical problem that must be dealt with immediately. To paraphrase from that report, mainstream messages to young at-risk males



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are not being heard. A definite subculture exists, with leaders, values and "codes" of behavior. Mainstream messages and the connection with mainstream values appear to be a sure way to cause rejection by this subculture. Consequently, we are unable to communicate using traditional media and need to find another way to "talk" to these young people.

It is proposed that until some acceptable mass media approach is found, we develop a system of peer group "Community Messengers". That is, we find young people from the street to talk to their peers about the outcomes of existing behavior. Peer group Community Messengers would also be the first point of contact for reentry into a system of education, employment and training opportunities.

Obviously, the implementation of this initiative is contingent on funding resources to employ the "Community Messengers". There are a number of resource options that can be considered. It is suggested that young people who are a part of local PI or JTPA work experience programs could be utilized in this capacity. Furthermore, it is conceivable that resources provided to the State under the National Community Services Act could be utilized to address the resources needed for Community Messengers.

#### B.2. Community Hubs

Young male dropouts are often difficult to engage in the education, employment and training activities that lead to gainful employment. Community based outreach will be the key to getting these young men involved.

In conjunction with the concept outlined in B.1., it is recommended that community based hubs be developed. These may be existing centers or new ones as is deemed appropriate by the community. These hubs would offer culturally relevant activities for young men and serve as the neighborhood base from which the Community Messengers could operate. Hubs must include outreach, recreation, self-esteem building, informal assessment, case management, counseling, peer group support, information resource and referral, and formal connections with other services.

Community Hubs need to be located where the youth are. Existing community activity centers should be considered as possible hubs. Using



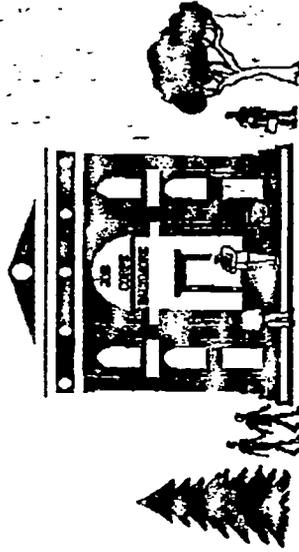
existing facilities that include other programs such as Head Start, Recreation Centers, Family Support Centers and Family Investment Centers, provide an opportunity to link with these efforts and provide a mechanism to create these hubs at minimum cost. Hubs can be staffed by the Community Messengers and connected to the existing network of education and training activities provided through local Service Delivery Areas, Community Colleges and other agencies providing supportive services. Hubs will not duplicate activities already available, but rather coordinate with the existing network of services in a way that provides a seamless delivery of services to young men.

### G. Residential Based Programs for Troubled and At-Risk Youth

Providing appropriate education and training services for young male dropouts is critical, but often it is not enough. There is evidence that a dysfunctional home and neighborhood environment can pose so many problems that it is in the best interest of some youth to be "pulled out" of their troubled communities and moved into residential based programs. For some of our youth dropouts in Maryland a residential based program may be their only hope. It is recommended that the State pursue the possibility of creating two types of residential programs. One based on a "Job Corps" model with the enhancement of directly linking it to the State's college and university system. This would be a volunteer model, offering a full range of educational, training and support services for young men who have left school prior to graduation. The plan to obtain resources for this effort is to respond to an anticipated RFP from the U.S. Department of Labor for additional Job Corps Centers.

The second model needed is a residential, alternative sentencing program. Young, nonviolent offenders would be offered this program as an alternative to incarceration. While the approach for this model will be very similar to the "Job Corps" type model, the proposed resource base to cover the cost of the residential and support services will be sought from the criminal justice system.

## RESIDENTIAL CENTER



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A core of services would be provided in both models to include:

- x Job Training
- x Basic/ Remedial/ and College Education
- x Community Service
- x Mentoring
- x Life Skills
- x Self-Discipline
- x Family Skills

**D. An "Academy" for Young Men**

The possibility of establishing a special "Academy" for young male dropouts should also be explored. There is a clear need for this type of alternative education approach for young male dropouts that places an emphasis on hands on, experiential learning. Such an approach would deal with motivational, educational and skills deficiencies in a holistic and concurrent fashion rather than the conventional sequential approach typically used. The hands on, experiential learning approach would emphasize learning by doing with a focus on connecting the entire curriculum to good jobs that provide the opportunity for career growth. It is suggested that ties be made with the economic growth areas the State has identified, such as life sciences, communications, biotechnology and health related services.

**E. Getting the Fathers Involved: Serving Non Custodial Parents**

Current Job Opportunity and Basic Skills (JOBS) program regulations do not allow JOBS funds to be used to provide employment, education and training services to non custodial parents. Young male dropouts make up a significant portion of the non custodial parents of children on AFDC, and would benefit if these regulations were



vetted. Furthermore, the children of these absent fathers could benefit by their fathers receiving the training needed to obtain a good job that, in turn, would allow them to increase financial support. The State needs to seek ways to get young fathers involved with their families in positive ways that will prove beneficial to them, as well as their children. The State should move forward and investigate the waivers recently obtained by Michigan and Wisconsin to use JOBS funds to serve non custodial parents.

This is not to belittle the significant barriers that need to be addressed in working with young, absent fathers. The fact that participating with this type of program often results in a father accruing child support arrearages is a significant disincentive. The State should explore possible waivers and reforms to the child support enforcement effort that will encourage fathers to obtain the training and education needed in order to obtain a good job at wages high enough to support a family. Still another barrier is the absence of adequate stipends to pay the young men while in the program. These and many other issues that are a part of the treatment of young unwed fathers need to be received. The Michigan Welfare Reform Policy Commission is urged to pursue this policy area.

#### F. Creating Opportunity: Jobs Now

Jobs that pay well and offer opportunity for career advancement, are a critical part of the solution to the young male dropout problem. Without the real hope of employment that will allow them to earn incomes that are adequate to support families, we cannot expect any real change in current behavioral patterns. We need to foster the creation of quality job opportunities with career paths that lead to wages adequate to support a family. While we need many efforts to foster this type of economic opportunity, several new ideas are offered here for discussion.

##### F.1. Neighborhood Opportunity Zones

There is a critical need for jobs in the neighborhoods where the majority of young male dropouts reside. These jobs must be ones that offer a career and the potential for paying a wage that is adequate for a person to support a family. One possible way of providing these jobs is through an Enhanced Enterprise Zone model.



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The track record for enterprise zones has been, at best, mixed. Generally, for residents of areas that have enterprise zones there is little immediate benefit. While these zones may attract businesses, many hire people that reside outside of the area or simply relocate existing businesses and workers. Residents may profit from more stable neighborhoods and increasing property values but aside from these long term benefit residents seldom directly benefit from a zone in their neighborhood. Several enhancements are needed that will enable the enterprise zone concept to work for neighborhoods. It is proposed that a new, Neighborhood Opportunity Zone be created. These zones would offer all of the traditional incentives to employers that are currently offered and add several new enhancements that would make the model more effective and serve to foster inner city job creation for young male dropouts. These enhancements are listed below:

#### F.2. Modify the Earned Income Tax Credit

Modify the Earned Income Tax Credit for Neighborhood Opportunity Zone workers who are young residents of a targeted area so that they earn a wage adequate to support a family. The Earned Income Credit (EIC) currently applies to families who earn less than \$21,250 and have a least one child. Those who qualify may receive as much as \$2,000 in reduced taxes or a refund from the government.

In brief, the suggested modification to the EIC would work in the following way. After the employer and the employee were certified as eligible, their records will be flagged at the State. Based on wage records, the State Unemployment Division will send a benefit payment to eligible employees. This payment would be a supplement to wages. It would be based on the medium income of the jurisdiction minus the existing wage. For example, in Baltimore City, if the eligible zone employee was making \$1032 per month (this is roughly equal to a \$8.00 an hour a week job) they would get a monthly check of approximately \$885 from the State. This would represent the difference between their wage and the medium income for the area of \$1917 per month (based on \$23,000 annual income for Baltimore City). The State would then bill the Federal government to replenish the trust fund balance.

Employers would be eligible for this only if they agreed to hire targeted people identified by the appropriate government or community agency, provide long term jobs that offer opportunity for career advancement and increase employee wages (for employees that perform) over a three year period to the medium income level. Using the example cited above, this would mean that the three year cost of this approach would average approximately \$20,000 per person. This change will require federal legislation to implement.

#### F.3. Enhanced Work Force Development Support

Neighborhood Opportunity Zones should come with a government guarantee of on-site and ongoing education, training and counseling support. By making available federal programs and resources such as Wagner-Peyser, JTPA, Perkins and JOBS more flexible when used in conjunction with a Neighborhood Opportunity Zone, the goal could be accomplished without new program resources.

#### F.A. Neighborhood Opportunity Zones Loan Program

In addition to the tax, education and support provisions, Neighborhood Opportunity Zone employers should have special financing available to them. This is the carrot for the employers to locate in the inner city neighborhoods. The financing should be low to no interest loans and be viewed as gap financing specifically tied to the requirement to hire neighborhood residents and participate in their ongoing skills development.

#### G. Creating a System

We need to ensure that an integrated, comprehensive work force development capacity exists and functions for young male dropouts. We need to challenge all existing human resource programs to develop a service strategy that is accountable for and tracks outcomes for males. These programs need to work together to create:

- ❑ An intense focus, at an early age, on prevention of those attitudes and behaviors that lead to delinquency;
- ❑ Aggressive intervention strategies, that are coordinated, for those who have already fallen outside of the mainstream - with special focus on those under jurisdiction of the criminal justice system;
- ❑ Changes in schools so students can develop a positive identity, sense of purpose, and connect with adult teachers and community volunteers.
- ❑ A solid service continuum that addresses the personal, social, and family needs of each individual and assures that young men are not lost or shuffled from program to program;
- ❑ An intense focus on skills development and preparing young men for successful careers with special emphasis on technical areas of the labor market that guarantee higher wages and long term success;
- ❑ An identification of high skills technical employment opportunities as well as entrepreneurial opportunities with training for business start up and plans for capitalization.
- ❑ A recognition of the need for and encouragement of alternative approaches which promote self-esteem and can be tailored to the individual strengths, weaknesses and talents of each person;
- ❑ A well trained culturally sensitive staff that can communicate and bond with these youth and advocate for their needs;
- ❑ A partnership with all segments of the community - business, government, CBOs, education and parents that come on board as full partners in the implementation strategies to address this problem.

It is recommended that the State include a special emphasis on addressing the problems of young male dropouts as part of its local integrated work force investment planning effort. The current draft Action Planning Guidelines allows local planning teams to incorporate a special focus on out of school youth. In areas where the

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### H.3. Expand the Maryland's Tomorrow Program

It is gratifying to learn that the State is planning to expand the Maryland's Tomorrow dropout prevention program to middle schools. This program has demonstrated success in targeting youth at risk of dropping out of school and providing the intervention strategies needed to help keep them in school.

As a part of this expansion and as part of existing program enhancements, the Maryland's Tomorrow (MT) program should also seek to improve linkages with the Maryland Department of Juvenile Services (DJS) and with Career and Technology Education to help serve non-incarcerated juvenile offenders who are returning to school. A referral mechanism should be established between DJS case managers and MT to assure good, ongoing communications and also handle the problems associated with mid year placements in the MT program.

### H.4. Increase and Sustain, Long Term Mentoring and Teaching by African American Men

All strategies directed toward better serving Young African American men should include increasing the numbers of Adult African American male role models and mentors in the schools. Numerous studies have shown that young African American men are lacking good role models in their lives. This is true in schools where teaching is done almost exclusively by females. The State should aggressively seek ways to increase the number of male role models in the schools and to increase the duration of the mentoring activities. The means of attaining this goal will include training and staff development, but also a recruitment strategy. Three important elements of the recruitment strategy are:

- x For Government and private businesses to provide release time for individuals volunteering in schools.

- x To establish a loan forgiveness strategy to encourage African American men to become teachers and then agree to teach in schools that have a high proportion of young African American men enrolled.
- x To develop a "broadening leadership" model whereby older youth become mentors to the younger boys within the school system.

## V. Next Steps

The Action Plan is an aggressive plan that outlines a number of activities. Some of the components of the Action Plan can be started without new resources or by tapping into existing resource streams, others require federal resources and/or law changes. The GMIIB plans to move forward on two fronts regarding the implementation of this plan. First, the GMIIB plans to work with the appropriate State and local agencies to implement any and all actions that can be taken now and that will help young male dropouts obtain the education, skills and support they need to become self-sufficient and productive members of our community. Secondly, the GMIIB plans to continue to work on the development of the new initiatives that are outlined in the Plan that require additional resources and/or changes in

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legislation. On both fronts, the GWIB is extending an open invitation to any person or organization to join with us and help in the effort to solve the critical young male dropout problem.

The four specific new areas that the GWIB will concentrate on are:

- ❑ Community Messengers -- Peer group counselors to contact and recruit young male dropouts and link them to the existing services they need to prepare for work.
- ❑ Community Hubs -- Existing or new Centers, staffed by Community Messengers, anchored in the community that provide a staging area for outreach, recruitment, assessment and support services to young male dropouts.
- ❑ A Residential Training Program -- A "Job Corps" type program that provides training and education at a residential facility away from home.
- ❑ An "Academy" Program -- A structured program that provides both education and skill training in concurrent fashion using non-traditional teaching techniques and instructors directly from the trade being taught.

These young men deserve the opportunity to change the current course of their lives and to achieve self-sufficiency and careers that will enable them to start and support families of their own. Working together, we can offer them this opportunity.

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Mr. PETERSON. Thank you. Thank you, Mr. Struever. Ms. Irving.

**STATEMENT OF PATRICIA E. IRVING, PRESIDENT AND CEO,  
PRIVATE INDUSTRY COUNCIL OF PHILADELPHIA, PHILA-  
DELPHIA, PA**

Ms. IRVING. Thank you. Good morning, Mr. Chairman and members of the subcommittee. I am Patricia Irving, president and CEO of the PIC of Philadelphia. I am glad that you have given me the opportunity to tell you how effectively the Job Training Partnership Act functions at the local level.

On June 6, 1990, the board of directors of the PIC unanimously approved a new mission statement. In accordance with the Job Training Partnership Act and the Job Opportunities and Basic Skills Program, the Philadelphia PIC was given clear direction by the board to transition "harder- to-serve" clients from dependency to self-sufficiency. To accomplish that goal, the organization made a major shift from an employer-focused program to a client-focused/ employer-driven system.

In short, we are now utilizing a sequential training process, or a three-tier structure to effectively train clients with multiple barriers to employment.

Realizing that the PIC had and has sufficient funds to serve less than 5 percent of the community that needs us and that comprehensive programs for harder to serve clients are more expensive to operate, we decided to leverage our funds and services whenever and wherever feasible to offset the increased costs.

We began the leveraging process by successfully integrating our Job Training Partnership Act and our job opportunities and basic skills programs. Since both programs have compatible goals and outcomes, we integrated them into one. We reduced, if not eliminated, duplicate administrative costs.

We have enclosed a progress report. Our theme is partnership—and I see Mr. Machtley is reading it—so that is what we are all about—creating partnerships.

Our approach to training and employment is very basic. We only fund training programs in occupations where jobs exist. We specifically seek placements in positions that pay substantially more but never less than \$6 per hour plus fringe benefits.

The training process begins with outreach and recruitment. We have six PIC referral centers, 19 county assistance offices, and seven job centers.

All applicants are referred to the "Fortune Center" for initial assessment, and we use a computerized battery of tests to measure each applicant's basic skills, interests, and aptitude.

We serve long-term welfare recipients; transitional needy; long-term unemployed/disadvantaged adults; homeless men, women, and children; drug offenders; ex-offenders; high school dropouts; teen parents; at-risk youth—in and out of school, older workers, and dislocated workers. We have a large population to work with.

Just to mention some of the client profiles and common denominators, I would just like to say that most of our clients, including dislocated workers, lack self-esteem and self-confidence. Most of our clients, including dislocated workers, are deficient in basic

skills—job skills, interpersonal skills, and critical thinking skills. A significant number of them need high school diplomas or GEDs.

Welfare recipients with children will not leave welfare for minimum-wage jobs and no benefits. Dislocated workers who have been laid off from low-skilled, high-paying jobs need extensive training for occupations that pay considerably less, which is often a difficult adjustment for them.

The assessment outcomes determine at what point the client enters our system. We use a sequential training process as follows:

The phase I, which is the easiest, is training readiness. That is where we thoroughly assess the most difficult-to-serve clients, and we provide immediate activity to increase motivation.

The second phase is a feeder program. Our clients who are leaving the first phase can either go into a feeder or into phase III, job specific skills training programs.

I think in your packet I tried to include a client flow chart. I have one on the floor which is big and pretty, but I think it would take too long, so I am going to ask you to make reference to that. Because of the time, I'm trying to move through this process.

All of our programs are extremely comprehensive because we are looking at the client from a holistic perspective, and we think it works, and it works very effectively. We want to see them once. We want to give them the tools for life.

Our method of instruction: We used competency based instruction to measure and monitor the client's progress throughout the program. This kind of positive feedback also builds self-esteem and self-confidence.

We monitor programs programmatically and fiscally on a monthly basis according to the terms and conditions of the contract. When problems are identified that require immediate attention, we remain involved until the situation is corrected.

The statistical data that I will share with you is based on an \$8.6 million budget. We served 2,433 people, 67 percent black, 18.5 percent white, 8.6 Hispanic. Eighty-eight percent of our clients lacked a significant work history; 62 percent were receiving public assistance; 25 percent were high school dropouts; 37 percent were reading below seventh grade levels.

Our average cost per enrollment is \$3,555—quite a difference from \$10,000, which I think I heard someone mention earlier. So there is a way of leveraging your dollars and being very cost efficient and cost effective.

In terms of Federal and State performance standards, for 2 consecutive years we have met all but one. The last year, the entered employment rate for dislocated workers, we missed by a hair because when Congress voted the UI extension benefits, our clients decided not to go to work. They didn't want to accept employment.

Like my colleague to my left says, we are facing a very tight job market with mass layoffs and plant closings in the city and surrounding counties. As a result of that, we instituted a new PIC business partnership, which we call the business advisory council [BAC]. They are composed of 14 major corporations who provide technical assistance to us.

We did not say to them [BAC] that we had all the wonderful qualified people. We wanted to understand the shifts and changes

in the job market. They have made many recommendations to us, but I would like to just point out one that I think is the most significant to the Philadelphia Private Industry Council.

It was strongly suggested by the BAC that we develop a centralized job development unit, a concept of one-stop shopping for employers, to motivate them to become much more involved. From their standpoint, it would reduce recruitment and training costs as long as our training programs are producing qualified applicants. Then there would be a very good match.

As a result of the PIC-business partnership, we are in the process of establishing the centralized job development unit and we expect it to be fully operational by July 1993.

**What works:** This is what we think works.

Apprenticeship models of training—theory and hands-on experience—are the most effective methods of training the harder-to-serve adult and youth populations. Unfortunately, these programs are generally the most expensive. However, all program designs should be comprehensive, holistic, and capable of removing social barriers to employment while cultivating job-specific skills that lead to permanent employment.

An in-depth assessment of the individual's basic skills, interests, and aptitude is critical to the process of matching the client with the most appropriate training activity.

Employer involvement in programs, particularly the curriculum design, instruction, and the use of internships is absolutely necessary, because employers are the ultimate customers of our products—the trained workers.

**What doesn't work:** Quick-fix solutions—short-term training—do not produce durable outcomes for the harder-to-serve clients.

Single-focused programs or stand-alone activities do not work and are not cost-effective.

**Ensuring the effectiveness of our programs:** We do it in several ways, which I really want to concentrate on.

First, we start off with a competitive RFP or request for proposal process. Our proposers are guided in the design of comprehensive training programs by making certain that specific components are adequately addressed, namely: Remediation, life skills, job development. Proposals that do not meet our guidelines are not accepted.

Second, proposals are not only analyzed by the operations staff, but they are also preaudited by the finance department to ascertain the reasonableness of costs.

Third, all training programs are then reviewed by the PIC's program evaluation committee [PEC], which is a subcommittee of the PIC's board, comprised of seven members from the private sector in the human resources areas. The PEC is responsible for the overall evaluation and selection of programs and makes funding recommendations to the PIC's board of directors for final approval.

Fourth, contracts or legally binding documents between the PIC and its subcontractors must be fair and equitable, with terms, conditions, and performance criteria clearly defined and legally enforceable.

Fifth, and of course, I have mentioned before, briefly, the external and internal monitoring process.

The recommendations to improve the effectiveness of JTPA: I come at this from a different angle, only because we have so many partnerships. I think that, at the local level, we become awfully frustrated, simply because different funding streams don't seem to talk to each other or work with each other very effectively.

If I had a wish list, I would wish that all Federal agencies become a little bit more consistent in their regulations, definitions, income eligibility criteria, MIS data. I'll give you an example of what I am talking about.

A welfare recipient who is receiving income through HHS, living in subsidized housing—[HUD]—who attends PIC training programs—Labor—is screened by three federally funded agencies, has three sets of paperwork, three sets of files, documentation, reports.

Work experience wages received by the client while in a [JTPA] training program, could cause a reduction in her welfare benefits and an increase in her rent. It just seems that altogether the system is very, very counterproductive. It makes our jobs, at the local level a lot more difficult.

While we do strongly advocate the passage of the amendments, we only wish that the allocation formula had taken into consideration the number of disadvantaged people that the major cities are working with. One out of five people in Philadelphia is receiving some form of welfare.

I would like to close and simply say that we strongly believe that JTPA has the chance to succeed where no other government program—manpower or CETA—has even come close. So far, JTPA has the most effective track record based on what the Federal performance standards have measured over the years. Mainly, that focus has been on the number of people placed in jobs.

Our experience shows that the private sector must be closely linked to any successful employment and training initiative. PIC's and JTPA already have established relationships with the private sector which, if enhanced, can yield greater results and benefits to the clients we serve and to the economy in general.

Thank you.

[The prepared statement of Ms. Irving follows:]

TESTIMONY BEFORE  
U.S. HOUSE OF REPRESENTATIVES  
COMMITTEE ON GOVERNMENT OPERATIONS  
EMPLOYMENT & AVIATION SUBCOMMITTEE

Statement by

Patricia E. Irving  
President & CEO  
Private Industry Council of Philadelphia

April 29, 1993

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## TESTIMONY

I. **PREFACE**

Good morning, Chairman Conyers and members of the subcommittee, I am Patricia Irving, President and Chief Executive Officer of the Private Industry Council of Philadelphia. I am glad that you have given me the opportunity to tell you more about the functioning of the Job Training Partnership Act (JTPA) at the local level.

In Philadelphia, the Private Industry Council is a non profit corporation that has been the administrative organization responsible for funding under the Federal Job Training Partnership Act since 1984.

On June 6, 1990, the Board of Directors of the PIC unanimously approved a new mission statement for the new President, Patricia E. Irving, to implement immediately. In accordance with the Job Training Partnership Act (JTPA) and the Job Opportunities and Basic Skills (JOBS) Program, the Philadelphia PIC was given clear direction by the Board to transition "harder-to-serve" clients from dependency to economic self-sufficiency. To accomplish that goal, the organization made a major shift from an employer-focused to a client-focused/employer-driven system.

Through the Request for Proposal (RFP) process, the PIC advertised for comprehensive programs that offered additional services, such as remedial education, life skills training, intensive job readiness training, professional counseling services, and case management in addition to Job Specific Skills (JSS) training. We also added a second component--a pre-training (feeder) type of program to prepare the "difficult-to-serve" clients for skill-based learning programs. The two tier approach worked and it worked even better after we implemented the "Fortune Center" in January, 1991 to assess each applicant's basic skills, interests and aptitudes. But, in order to build capacity and thoroughly assess each applicant, we added a third tier--a training readiness component in January, 1992.

Altogether, we are utilizing a sequential training process or a three tier structure to transition "harder-to-serve" clients from dependency to self-sufficiency.

Realizing that the PIC had sufficient funds to serve less than 5% of the disadvantaged community who needed training and employment services and that comprehensive programs are more expensive to operate, we decided to leverage our funds, resources and services whenever and wherever feasible to offset the increased costs.

We began the leveraging process by integrating JTPA and JOBS since both programs had compatible goals and outcomes. By integrating two programs into one, we reduced, if not eliminated, duplicate administrative costs. We also coordinated the delivery of support services with County Assistance to address the diverse needs of the harder-to-serve clients.

The PIC's partnership with County Assistance has worked exceptionally well and continues to flourish. But more importantly, this experience encouraged and propelled the PIC to form other partnerships throughout the community which is explained in the PIC's Progress Report.

## II. PHILADELPHIA PIC'S APPROACH TO TRAINING AND EMPLOYMENT:

The Philadelphia Private Industry Council only funds training programs in occupations where jobs exist. We specifically seek placement in positions that pay substantially more but not less than \$6.00 per hour plus fringe benefits.

### A. **Recruitment:**

The training process begins with outreach and recruitment. There are three primary sources of applicants:

- Six (6) PIC Referral Centers--Community-Based organizations strategically located throughout the city in areas of high unemployment.
- Nineteen (19) County Assistance Offices--The PIC co-locates staff at each County Assistance office. PIC Client Service Representatives and Employment and Training personnel (ETP) at County Assistance work together to recruit and screen welfare recipients for PIC programs.
- Seven (7) Job Centers--located throughout the city, PIC staff are scheduled in each Job Service Center to recruit applicants for PIC-funded training programs.

### B. **Assessment Center:**

All applicants are referred to the "Fortune Center" for initial assessment. We use a computerized series of tests (3 1/2 hours) to measure each applicant's basic skills, interest and aptitude. Test results are discussed with each applicant. Program options and choices are presented to the client and the assessment counselor makes recommendations, but, the client exercises his/her right of final selection in most instances.

Populations served:

- Long term welfare recipients
- Transitionally needy
- Long term unemployed/disadvantaged adults
- Homeless
- Drug offenders
- Ex-offenders
- High school dropouts
- Teen parents
- At-risk youth (in and out of school)

- Older workers
- Dislocated workers

Client profiles--common denominators:

- Most clients, including dislocated workers, generally lack self-esteem and self-confidence.
- Most clients, including dislocated workers, are deficient in basic skills, job skills interpersonal skills and critical thinking skills.
- A significant number of clients need to acquire a high school diploma or GED equivalent while building basic skills in preparation for skill based training programs.
- Welfare recipients will not leave welfare for minimum wage jobs with no benefits.
- Dislocated workers who have been laid-off from low skilled/high-paying jobs need extensive training for occupations that pay considerably less which is often a difficult adjustment.

Based on assessment outcomes, an Educational and Employability Development Plan (EEDP) is completed by the assessment counselor and the client. According to the EEDP, the client is referred to the appropriate program in the sequential training process.

C. **Description of Sequential Training Process:**

The PIC operates three-phases of sequential training programs to assist individuals in gaining the educational, occupational and job preparation skills they need to enter and succeed in the work place. The sequential phases, the populations served, the curricula and the expected outcomes include:

Phase I: Training-Readiness Program

The purpose of the first tier of training is to:

- thoroughly assess the client's basic skills;
- provide an immediate activity that will help sustain client interest in training;
- increase client motivation for success; and
- prepare clients to successfully participate and complete either PIC feeder or job specific skills training programs.

The Training Readiness Program provides the following services to harder-to-serve Philadelphia residents who possess little or no work history:

- Introduction to Basic Skills (reading, writing and math)
- Life/Coping Skills
- Counseling
- Case Management

Each year, an estimated 25-30% of PIC's trainees will attend the Training-Readiness program, which operates from 2 to 6 weeks with staggered entry and exit. Training Readiness Program participants transition into a PIC-funded feeder or Job Specific Skills program.

Phase II: Feeder Program

The purpose of the second tier of training is to assist trainees in:

- increasing self-esteem;
- gaining realistic employment goals;
- elevating academic skills;
- removing barriers to employment success;
- obtaining coping and life skills; and
- acquiring knowledge of the job market and the skills required to enter it.

Feeder programs serve harder-to-serve Philadelphia residents who possess little or no work history, are PIC-eligible and are reading between the 5.0 and 6.9 grade levels. Trainees also include graduates of PIC's Training-Readiness program.

Comprehensive feeder programs include:

- Basic Skills
- Life Skills
- Job Readiness
- Career Exploration
- Counseling and Case Management

Each year, an estimated 20% of PIC's trainees will attend feeder programs, which vary in length from 10 to 16 weeks with staggered entry and exit.

The feeder program outcomes include transition into a PIC-funded Job Specific Skills program, a non-PIC funded program, or a full-time unsubsidized job (minimum of 30 hours per week) at a wage of \$6.00 or more with employer-sponsored (at least 50%) fringe benefits.

Phase III: Job Specific Skills Program

The purpose of the third tier of training is to assist trainees in:

- obtaining specific occupational or job skills
- elevating basic academic skills;
- preparing for success in the world of work (job readiness);
- obtaining coping and life skills; and
- acquiring knowledge of the job market and the skills required to enter it.

Job Specific Skills programs serve harder-to-serve Philadelphia residents who possess little or no work history, are PIC-eligible and are reading at or above the 7<sup>th</sup> grade level. Trainees include graduates of PIC's feeder system and/or Training-Readiness Program.

Comprehensive Job Specific Skills (JSS) programs include:

- Occupational Skills
- Basic Skills
- Life Skills
- Job Readiness
- Counseling
- Case Management

Each year, nearly all of PIC's trainees will attend job specific skills programs, which operate from 4 to 9 months in length.

The outcome for Job Specific Skills programs is placement into a full-time unsubsidized job (minimum of 30 hours per week) at a wage of \$6.00 or more with employer-sponsored (at least 50%) fringe benefits.

D. **Method of Instruction:**

We use competency-based instruction to measure and monitor the client's progress, or lack thereof, throughout the program (Positive feedback to clients also builds self-confidence and self-esteem). Most PIC-funded programs utilize a staggered enrollment process whereby a specified number of trainees are enrolled each or every other month. Graduates exit the program when all competencies have been fulfilled and placement has occurred in a training-related occupation. If a trainee is not ready to exit the program we advise our subcontractors to work with the trainee until she/he is completely trained and prepared to compete in the labor market.

**E. Monitoring:**

PIC-funded programs are monitored programmatically and fiscally on a monthly basis according to the terms and conditions of the contract. When problems are identified that require immediate attention, we remain involved until the situation is rectified or remedied.

We also monitor our internal operation programmatically and fiscally according to performance goals, objectives and the operating budget, as approved by the Board of Directors. We troubleshoot internal systems and procedures and collect and analyze data to measure progress and the cost effectiveness of the organization and that of our training providers.

**F. Performance:**

The Philadelphia PIC has exceeded all federal/state mandated performance standards for two consecutive years with one (1) exception -- the Entered Employment Rate for Dislocated Workers. We missed the standard by a hair. A significant number of clients in the dislocated worker category elected to collect the extended benefits rather than accept employment.

### III. BUSINESS ADVISORY COUNCIL

Facing a tight labor market, massive layoffs and plant closings in the City and surrounding counties, we instituted a new PIC-Business Partnership, called The Business Advisory Council (BAC).

The Business Advisory Council is composed of 14 major Philadelphia based employers and/or industries. These employers have the experience and expertise to train their employees and they are willing and well-prepared to provide technical assistance to the PIC.

The Council members have made the following recommendations to the Private Industry Council (PIC) regarding structural changes in the labor market:

- Due to the current job market trend focusing on multiple skills PIC training providers should be encouraged to train participants more generically and for a wider variety of jobs. For example, the inclusion of a strong math component, either bookkeeping or accounting principles, enhances the marketability of PIC graduates in a variety of clerical occupations.
- The major hiring characteristics for many entry level positions include: computer literacy, excellent communication skills (interpersonal and critical thinking skills) and previous work experience. Therefore, a component that focuses on interpersonal and critical thinking skills should be added to all training programs.
- BAC members advised us that internships, apprenticeships, and/or OJT might be considered as substitutes for previous work experience by many employers. They also held the position that a centralized job development strategy would be very effective in today's economy.
- BAC members think that PIC trainees can gain meaningful work experience from the temporary positions which are expected to materialize after the Family Leave Act becomes effective in August, 1993 as an alternative to internships and/or OJT.
- BAC members have expressed interest in being involved in the sequential training as PIC training providers and/or consultants. They are also interested in the development and implementation of a "train the trainers" program for PIC subcontractors.
- BAC members are interested in assisting us with post assessment by administering the fourth tier of training

for graduates from one or several subcontractors who were not successful in securing permanent jobs at the end of training. In fact, BAC members as a group expressed an interest in forming a consortium to conduct clerical training.

- A centralized Job Development Unit (one stop shopping for employers) is a strong motivator for employer involvement primarily because it would reduce recruitment and training costs for employers as long as applicants are well trained.

As a result of the PIC-business partnership, the PIC of Philadelphia has begun to combine its resources with member companies of the Business Advisory Council. Together, we are in the process of:

- Establishing a Centralized Job Development Unit (one-stop shopping for employers) in partnership with the Business Advisory Council, County Assistance Office and Job Service. We are in the process of renovating space to accommodate a multi-faceted Job Development Center to post-assess PIC graduates before placing them in positions that lead to economic self-sufficiency.
- Standardizing curricula to produce state of the art training which will be consistent with the needs of businesses, today and in the future.
- Working with member companies of the Business Advisory Council to implement state of the art training programs in clerical and allied health occupations for PIC trainees who successfully completed at least one of the programs in the sequential training process, but did not secure employment at the end of training. 100% placement is the ultimate goal.

In so doing, we will achieve multiple benefits; PIC graduates will be prepared to meet the competitive personnel needs of businesses and close the skills gap; we will be prepared to support a local economic recovery; and we will be able to assist our clients in achieving economic self-sufficiency.

IV. INTEGRATION WITH TRAINING, EDUCATION & SOCIAL SERVICE SUPPORT PROGRAMS

The existing partnerships and working relationships to leverage PIC funds and resources on behalf of PIC trainees are:

Board of Directors:

A progressive, proactive Chairman of the Board and an actively involved, well-informed Board of Directors act as PIC ambassadors and identify potential resources in the community.

Agencies and Organizations:

County Assistance, Philadelphia School District, Philadelphia Department of Commerce, Philadelphia Department of Recreation, Employment Service, Greater Philadelphia Chamber of Commerce, Office of Housing and Community Development, Mayor's Commission on Literacy, Mayor's Commission on Aging, Mayor's Commission on Homelessness, Philadelphia Housing Authority, Philadelphia Industrial Development Corporation, Philadelphia Citywide Development Corporation, Greater Philadelphia Urban Affairs Coalition, United Way of Southeastern Pennsylvania, and the Business Advisory Council.

Colleges and Universities:

Community College of Philadelphia, Temple University, Lincoln University, University of Pennsylvania, Pennsylvania State University, Drexel University, Beaver College and Pierce Junior College.

Foundations:

William Penn Foundation, Pew Charitable Trust and the Beech Corporation.

Union:

AFL/CIO, 1199C Hospital Workers Union, Glazier's Union Local, and the Philadelphia Federation of Teachers.

V. WHAT WORKS!

- Apprenticeship models of training (theory and hands-on experience) are the most effective methods of training the harder-to-serve adult and youth populations and generally, the most expensive. However, all program designs should be comprehensive, holistic and capable of removing social barriers to employment while cultivating job specific skills that lead to permanent employment.
- Based on the "Garbage In, Garbage Out" theory, an in-depth or accurate assessment of the individual's basic skills interest and aptitude is critical to the process of matching the client with the most appropriate training activity.
- PICs should seek to enhance employer involvement in programs, particularly in curriculum design, instruction and the use of internships. Because employers are the ultimate consumers of our products -- trained workers -- we must obtain their input for developing a product that will be useful.
- Programs which serve adult learners, such as those involved in JTPA Title IIA, who have failed in traditional education settings must incorporate non-traditional learning techniques into their training programs. Furthermore, programs should all use significant hands-on skills training and basic life skills instruction.
- Employment and training systems should be "seamless" -- there should be no gaps in instruction or in timeliness. Clients, once motivated to enter training, must be able to get immediate attention and should not need to wait for program openings and lose their encouragement.
- To meet the ultimate goal of JTPA Title IIA, PICs must understand that job development is not an activity that occurs at a client's graduation. Job development must be an integral part of the design of any program because it must meet the needs of employers.

VI. WHAT DOESN'T WORK!

- Quick fix solutions (short term training) do not produce durable outcomes for the harder-to-serve clients.
- Single focused programs or stand alone activities do not work and are not cost-effective.

VII. ENSURING THE EFFECTIVENESS OF PROGRAMS

The Philadelphia PIC ensures the effectiveness of its programs in the following ways:

- Through the competitive Request for Proposal (RFP) process, proposers are guided in the design of comprehensive training programs by making certain that specific components are adequately addressed, e.g. remediation, life skills, and job development. Proposals that do not meet PIC guidelines are not accepted.
- Proposals are not only analyzed by the Operation's staff, but also pre-audited by the Finance Department to ascertain the reasonableness of costs.
- All training programs are reviewed by the PIC's Program Evaluation Committee (PEC), a subcommittee of the PIC's Board of Directors, comprised of seven (7) members of the human resources and/or staff development business community. The PEC is responsible for the overall evaluation, selection and funding recommendations of programs to the PIC Board of Directors. Meeting monthly, PEC assesses program designs and projected outcomes against industry standards. It also reviews previous performance and compares performance and costs to those of other similar training subcontractors.
- Contracts or legally binding documents between the PIC and its subcontractors are fair and equitable, with terms, conditions and performance criteria clearly defined and legally enforceable.
- The external and internal monitoring process:
 

External: PIC staff visit training program sites on a monthly basis interviewing both clients and program staff. The program is also monitored according to the terms and conditions of the contract and the finance department monitors spending and program expenses.

Internal: We consistently monitor internal systems and procedures to determine the operation's effectiveness. Measuring our performance and progress towards PIC goals and objectives is closely monitored fiscally and programmatically.

VIII. RECOMMENDATIONS TO IMPROVE THE EFFECTIVENESS OF  
JTPA/ASSESSMENT OF JTPA AMENDMENTS

- A number of our suggestions for improving JTPA were reflected in the recently enacted Job Training Reform Amendments of 1992. Examples are:
  - We strongly agree with Congress and the Administration that an in-depth assessment is the key to delivering the individualized services that will lead to success in training and on the job.
  - We agree that linkages with education and welfare organizations are necessary to diversify the services we offer and to reach the population that needs us most.
- JTPA could be more effective if there were better coordination among ALL federal agencies in terms of regulations, definitions, income eligibility requirements, MIS data. For example, a welfare (HHS) recipient living in subsidized housing (HUD) who attends PIC training (JTPA) is screened by three federally-funded agencies and has three sets of paperwork, three sets of files, documentation and reports. Work experience wages received by the client while in a training program can cause a reduction in welfare benefits and an increase in rent.
- While we strongly advocated for the passage of the amendments to improve services across the board, we were disappointed by some good policies that were changed and others that were not addressed at all. Most significant of those issues not addressed was the JTPA funding formula. While we accept Congress' challenge to work with the most disadvantaged population, we were frustrated to learn that funding would still be based largely on unemployment figures and not on the economically disadvantaged. Other policies which were added under the amendments, such as more stringent targeting and certification rules, will create more restrictions and paperwork while minimizing flexibility at the local level.

**IX. RESPONSE TO MDRC EVALUATION OF JTPA**

The Manpower Development Research Corporation (MDRC) evaluation of the Job Training Partnership Act under Title IIA had significant design flaws which have led to the publication of results which absolutely can not be accepted as accurate and can not be applied to the entire system with any degree of accuracy. The most significant discrepancy in the study involved the use of a random sample of cities; unfortunately the sample was by no means random. In fact, cities had the option to participate in the study and the largest city used had a population of only 200,000 individuals. It is well known that large and small cities vary widely in their approaches to training, program design and especially client populations. All of these factors have an impact on the results of any study on employment and training.

In light of the new JTPA amendments and the age of the study, it would be more fair to the system and its clients to perform a truly random study once the PICs have had an opportunity to implement the new changes to the JTPA system.

**x. CONCLUSION**

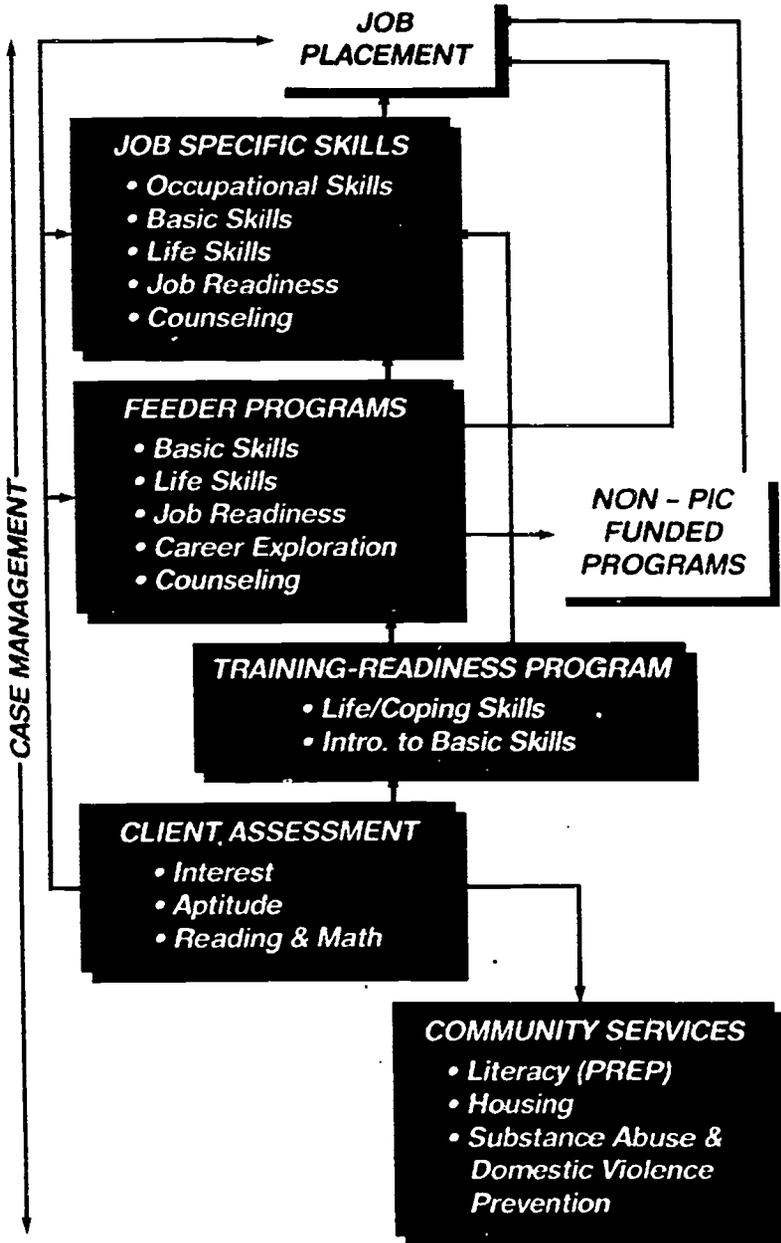
Overall, we strongly believe that JTPA has the chance to succeed where no other government program, like Manpower or CETA, has even come close. So far, JTPA has the most effective track record based on what the federal performance standards have measured over the years. Mainly, that focus has been on the number of people placed in jobs. Our experience shows that the private sector must be closely linked to any successful employment and training initiative. PICs and JTPA already have an established relationship with the private sector which can be enhanced to yield greater benefits to the system and the clients.

**JTPA Title IIA 78%, 3%  
Program Year 1991  
Statistical Information**

XI.

I.	<u>Participants Served</u>	Number	Percentage	
	Adults	1,148	47.2	
	Youths	1,158	47.6	
	Older Workers	<u>127</u>	<u>5.2</u>	
	<b>TOTAL</b>	<b>2,433</b>	<b>100.0</b>	
II.	<u>Client Demographics</u>			
	<u>Client Racial Composition</u>			
	Black	1,634	67.2	
	White	449	18.5	
	Hispanic	210	8.6	
	All Others	140	5.7	
	Male	853	35.1	
	Female	1,580	64.9	
	<u>Client Characteristics</u>			
	Lack Significant Work History	2,140	88.0	
	Receiving Public Assistance	1,515	62.3	
	High School Drop Outs	612	25.2	
	<u>Client Reading Levels</u>			
	Above 7th Grade	1,539	63.3	
	Below 7th Grade	894	36.7	
	<u>Client Wages</u>			
		<b>PRIOR to JTPA</b>	<b>POST JTPA</b>	<b>Percentage</b>
	Wage Rate (w/prior work history)	\$6.39	\$7.08	10.8
	Wage Rate (w/o prior work history)	\$0	\$6.42	100
	Welfare Payments	\$383.66	\$38.91	(89.9)
III.	<u>Enrollment Costs</u>			
	Average Cost Per Enrollment:	\$3,555.00		
	Adult	\$4,400.00		
	Youth	2,910.00		
	Older Worker	1,805.00		
	Total Expended:	\$8,650,260.00		

## PIC CLIENT FLOW CHART



Mr. PETERSON. Thank you, Ms. Irving. I appreciate it. Next, we are going to hear from Jon Gerson.

**STATEMENT OF JON A. GERSON, DIRECTOR, OFFICE OF ECONOMIC DEVELOPMENT, MONTGOMERY COUNTY, MD**

Mr. GERSON. I am honored to have been invited to appear before your subcommittee today. I hope that my brief remarks will assist you in your examination of the effectiveness of the JTPA and our Nation's PIC's and employment and training initiatives in general.

Obviously, when it comes to creating a community, and even a Nation, that is economically competitive, the most important thing that we have to do is to have an economy in which everyone gets to participate and be their full height. That is why effective employment and training programs are so important.

Immediately upon assuming office, the current county executive of Montgomery County made employment and training a priority for his administration and insisted that several changes to the network take place. I would like to briefly present some information on why this decision was made and what Montgomery County is attempting to achieve by revamping the way it designs, operates, and evaluates its job training endeavors.

By way of background, Job Training Partnership Act programs, until recently, were administered by our local community college. Our private industry council acted in an advisory capacity and provided basic oversight of these endeavors, but did not have any legal authority over their operations.

In 1991, the Montgomery County Private Industry Council incorporated as a nonprofit entity and became the official grant recipient and administrator of all Federal and State mandated employment and training programs. This important move was coupled with a transfer of oversight responsibility on the part of the county government from our department of family resources, which has a social service orientation, to the office of economic development, which I direct, which is oriented toward the needs of business. Our feeling is that matching people with jobs is a business issue, not a social service issue.

In reviewing why Montgomery County government has made a concerted effort to embark on a new direction for its job training system, several factors come to mind:

The first is that the county government recognized that its most valuable asset was its highly educated and skilled work force. In fact, we put together our strategic plan for economic development around enhancing our labor force.

Montgomery County, MD, is becoming much more diverse. We now have more homeless, more speakers of English as a second language, and immigrants, than ever before.

Our county's economy—and certain key industries, such as banking, retail, construction, and real estate—are not going to operate as they have in the past. While they were the key drivers of our economy in the past decade, it is clear that the Federal laboratories in our community, like NIH and FDA, along with the high-tech industries which support them, are the ones that are going to create jobs for all sectors in the future.

The training needs of our local companies are becoming much more complex as emerging forms of technology enter the workplace on a daily basis.

Government, having declining resources, is being forced to develop cost-saving measures. If the recession has offered us any opportunity, it is an opportunity to refocus and to reprioritize so we can figure out how to be more efficient and emerge from the current recession in an even more competitive manner. Indeed, we are learning how to do more with less.

You are aware that the changes I have described are not unique to Montgomery County, and can be found in your own districts and throughout the Nation. The decision to redirect employment and training systems is taking place throughout the country.

Let me point out, however, that while the Montgomery County PIC is responsible for taking our employment and training system in a new direction, they are not doing it alone. We are ensuring that the PIC has a close working relationship with not only the office of economic development, but with other county entities such as our health, social service, school system, and housing endeavors.

The organization is also building a quality partnership with our local business community. We consider the direction to be a three-way partnership in terms of a public, private, and nonprofit partnership.

To be candid, we really didn't have a choice or any alternatives in making the alterations I have described. We recognize that change is imminent, and, unless we respond to our changing environment, we are going to lose our competitive edge.

Do JTPA programs have the ability to adjust to external factors? More importantly, do they have the capacity to facilitate the kind of change which may be needed in the Nation's employment and training system? If not, alterations in the law may be necessary.

Montgomery County is mandating its private industry council, which as I said, is the official administrator of all our job training programs, to embark on two important functions:

First, make employment and training initiatives more responsive to the needs of local employers; and second, act as the central hub for all job training efforts in the county.

The private industry council has been directed to make job placement the key ingredient in administering Federal and State mandated job training initiatives. This is based on the realization that unless we produce people with the right skills for the jobs in our community, we are really wasting our time. This is also easier said than done and dictates a new way of doing business.

The PIC's and the JTPA programs need to be more responsive to the employers' needs and respond to the ultimate goal of job placement.

Labor market, demographic, and economic trends have to be analyzed and projected. It doesn't make any sense in our community to teach people bricklaying when we project less construction activity in the future. Meanwhile, nearly a third of our high-tech industries are telling us that they can't find entry level people to put things in place or to deal with test tubes.

The needs of the employers have to be communicated and unmet needs must be identified. There's a disconnect.

Finally, there must be a matching vehicle to allow employers and job seekers to connect. In Montgomery County's case, we are talking about a centralized clearinghouse—a one-stop shop that is user friendly to both the small employer who, as you know, is the one who is producing most of the jobs, when he is seeking a worker, as well as for the job seeker.

All of this implies a closer working relationship with the business community, a partnership which, in Montgomery County's case, has been facilitated by local government.

We have also directed our private industry council to be the voice of the entire local employment and training system and to coordinate job training programs, whether they are funded through JTPA or not. We have insisted that all JTPA training activities be coordinated with the ancillary services which are needed to assist the clients it serves.

In addition to providing support for the administration of JTPA programs, Montgomery County appropriates an additional \$3 million annually for 16 distinct employment and training programs. Many of these operate out of multiple geographic sites and through several nonprofit organizations and other institutions, such as our school system.

At one point, we counted up to 65 different places with fiscal ties to the county government where a citizen could go to receive job training assistance or other services. This disjointed system, or lack of a system, has caused considerable frustration on our part as well as that of participants and employers. If you were a Jewish refugee from Russia, you went to one place. If you were a woman re-entering the marketplace, you went to another. It wasn't working.

To ensure the county is getting the most from its resources, we have asked our PIC to build an employment and training system which has a common mission among all the parts operating in it, which sets annual performance standards, and coordinates planning, intake, and placement efforts. What we are attempting to do is to maximize those resources and eliminate any duplication.

We feel this is critical to the effective functioning of job training programs and suggest that you examine the possibility of giving PIC's across the country, through their JTPA allocations, the fiscal resources necessary to develop this type of coordinated approach. While an important one, JTPA programs really are only one piece of a larger job training picture, and job training is only one aspect of what people need.

We have found that the county government is at its best when it invests in catalytic endeavors—in this particular case, PIC is our catalyst—and provides the resources for others to accomplish a broad goal rather than attempting to control hundreds of individual pieces.

We would urge you to consider this coordinated approach to employment and training as you examine current JTPA legislation.

I appreciate the opportunity to share Montgomery County's experience with you.

[The prepared statement of Mr. Gerson follows:]

TESTIMONY OF:

Jon A. Gerson  
Director  
Office of Economic Development  
Montgomery County, Maryland

BEFORE:

U.S. House of Representatives  
Government Operations Committee  
Employment, Housing and Aviation Subcommittee  
Chair: Representative Collin C. Peterson

April 29, 1993

I AM HONORED TO HAVE BEEN INVITED TO APPEAR TODAY BEFORE THE EMPLOYMENT, HOUSING AND AVIATION SUBCOMMITTEE OF THE HOUSE GOVERNMENT OPERATIONS COMMITTEE. I HOPE MY BRIEF REMARKS WILL ASSIST YOU IN YOUR EXAMINATION OF THE EFFECTIVENESS OF THE JOB TRAINING PARTNERSHIP ACT, OUR NATION'S PRIVATE INDUSTRY COUNCILS AND EMPLOYMENT AND TRAINING INITIATIVES IN GENERAL.

IMMEDIATELY UPON ASSUMING OFFICE, THE CURRENT EXECUTIVE OF MONTGOMERY COUNTY, MARYLAND, MADE EMPLOYMENT AND TRAINING A PRIORITY FOR HIS ADMINISTRATION AND INSISTED THAT SEVERAL CHANGES TO OUR JOB TRAINING NETWORK TAKE PLACE. I WOULD LIKE TO PRESENT SOME INFORMATION ON WHY THIS DECISION WAS MADE, AND WHAT MONTGOMERY COUNTY IS ATTEMPTING TO ACHIEVE BY REVAMPING THE WAY IN WHICH IT DESIGNS, OPERATES AND EVALUATES ITS JOB TRAINING ENOEAVORS.

BY WAY OF BACKGROUND, JOB TRAINING PARTNERSHIP ACT PROGRAMS -- UNTIL RECENTLY -- WERE ADMINISTERED BY OUR LOCAL COMMUNITY COLLEGE. OUR PRIVATE INDUSTRY COUNCIL ACTED IN AN ADVISORY CAPACITY AND PROVIDED BASIC OVERSIGHT OF THESE ENDEAVORS, BUT HAD NO LEGAL AUTHORITY OVER THEIR OPERATIONS.

IN 1991, THE MONTGOMERY COUNTY PRIVATE INDUSTRY COUNCIL INCORPORATED AS A NONPROFIT ENTITY AND BECAME THE OFFICIAL GRANT RECIPIENT AND ADMINISTRATOR OF ALL FEDERAL AND STATE EMPLOYMENT AND TRAINING PROGRAMS. THIS IMPORTANT MOVE WAS COUPLED WITH A TRANSFER OF OVERSIGHT RESPONSIBILITY ON THE PART OF THE COUNTY GOVERNMENT FROM OUR DEPARTMENT OF FAMILY RESOURCES, WHICH HAS A SOCIAL SERVICE ORIENTATION, TO THE OFFICE OF ECONOMIC DEVELOPMENT, WHICH IS ORIENTED TOWARD THE NEEDS OF BUSINESS.

IN REVIEWING WHY MONTGOMERY COUNTY GOVERNMENT HAS MADE A CONCERTED EFFORT TO EMBARK UPON A NEW DIRECTION FOR ITS JOB TRAINING SYSTEM, SEVERAL FACTORS COME TO MIND:

1. THE COUNTY GOVERNMENT RECOGNIZED THAT ITS MOST VALUABLE ASSET IS ITS HIGHLY EDUCATED AND SKILLED WORKFORCE, AND HAS FORMULATED ITS LONG-RANGE STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT AROUND ENHANCING OUR LABOR FORCE.
2. THE COUNTY'S LABOR FORCE HAS BECOME MORE DIVERSE, AND WE NOW HAVE MORE HOMELESS, ENGLISH AS A SECOND LANGUAGE STUDENTS AND IMMIGRANTS THAN EVER BEFORE.

3. THE COUNTY'S ECONOMY -- AND CERTAIN KEY INDUSTRIES SUCH AS BANKING, RETAIL, CONSTRUCTION AND REAL ESTATE -- WILL MOST LIKELY NOT OPERATE AS THEY HAVE IN THE PAST.
4. THE TRAINING NEEDS OF OUR LOCAL COMPANIES ARE BECOMING MORE COMPLEX, AS EMERGING FORMS OF TECHNOLOGY ENTER THE WORKPLACE ON A DAILY BASIS.
5. GOVERNMENT, DUE TO DECLINING RESOURCES, IS BEING FORCED TO DEVELOP COST SAVING MEASURES.

AS YOU CAN SEE, THE CHANGES I HAVE DESCRIBED ARE NOT UNIQUE TO OUR COMMUNITY AND CAN BE FOUND THROUGHOUT THE COUNTRY. THEY ARE ALSO MAKING THE DECISION TO REDIRECT OUR EMPLOYMENT AND TRAINING SYSTEM AN ESSENTIAL FUNCTION OF THE ACTIVITIES OF OUR PRIVATE INDUSTRY COUNCIL IN THE YEARS AHEAD.

LET ME POINT OUT, HOWEVER, THAT WHILE THE MONTGOMERY COUNTY PIC IS RESPONSIBLE FOR TAKING OUR EMPLOYMENT AND TRAINING SYSTEM IN A NEW DIRECTION, THEY ARE NOT DOING THIS ALONE! WE ARE ENSURING THE PIC HAS A CLOSE WORKING RELATIONSHIP NOT ONLY WITH THE OFFICE OF ECONOMIC DEVELOPMENT, BUT ALSO WITH OTHER COUNTY ENTITIES INVOLVED WITH HEALTH, SOCIAL SERVICE, EDUCATION AND LOW-INCOME HOUSING ENDEAVORS. THE ORGANIZATION IS ALSO BUILDING A QUALITY RELATIONSHIP WITH THE LOCAL BUSINESS COMMUNITY. WE CONSIDER OUR NEW DIRECTION TO BE ONE OF A THREE-WAY PARTNERSHIP -- A PUBLIC, PRIVATE, NONPROFIT PARTNERSHIP.

WE REALLY DIDN'T HAVE A CHOICE, OR ANY ALTERNATIVES, IN MAKING THE ALTERATIONS I HAVE DESCRIBED. MONTGOMERY COUNTY REALIZES THAT CHANGE IS IMMINENT, AND UNLESS WE RESPOND TO OUR CHANGING ENVIRONMENT, WE WILL BE LEFT BEHIND. ANY SYSTEM -- BE IT JTPA OR EMPLOYMENT AND TRAINING OR EDUCATION -- MUST TAKE THIS INTO SERIOUS CONSIDERATION.

DO JTPA PROGRAMS HAVE THE ABILITY TO ADJUST TO EXTERNAL CHANGES? MORE IMPORTANTLY, DO THEY HAVE THE CAPACITY TO FACILITATE THE KIND OF CHANGE WHICH MAY BE NEEDED IN THE NATION'S EMPLOYMENT AND TRAINING SYSTEM? IF NOT, ALTERATIONS TO THE LAW MAY BE NECESSARY.

MONTGOMERY COUNTY IS MANDATING ITS PRIVATE INDUSTRY COUNCIL, WHICH IS THE OFFICIAL ADMINISTRATOR OF OUR JOB TRAINING PROGRAMS, TO EMBARK ON TWO IMPORTANT FUNCTIONS:

- 1) MAKE EMPLOYMENT AND TRAINING INITIATIVES MORE RESPONSIVE TO THE NEEDS OF LOCAL EMPLOYERS; and
- 2) ACT AS THE CENTRAL HUB FOR ALL JOB TRAINING EFFORTS IN THE COUNTY.

THE MONTGOMERY COUNTY PRIVATE INDUSTRY COUNCIL HAS BEEN DIRECTED TO MAKE JOB PLACEMENT THE KEY INGREDIENT IN ADMINISTERING FEDERAL AND STATE MANDATED JOB TRAINING INITIATIVES. THIS IS BASED ON THE REALIZATION THAT UNLESS WE PRODUCE PEOPLE WITH THE RIGHT SKILLS FOR THE JOBS WHICH ARE AVAILABLE IN OUR COMMUNITY, WE ARE WASTING OUR TIME. THIS IS ALSO EASIER SAID THAN DONE AND DICTATES A NEW WAY OF DOING BUSINESS.

IN ORDER FOR PICs AND JTPA PROGRAMS TO BE MORE RESPONSIVE TO EMPLOYER NEEDS AND RESPOND TO THE ULTIMATE GOAL OF JOB PLACEMENT, WE HAVE FOUND THE FOLLOWING MUST BE ACCOMPLISHED:

- \* LABOR MARKET, DEMOGRAPHIC AND ECONOMIC TRENDS MUST BE ANALYZED AND PROJECTED.
- \* THE NEEDS OF EMPLOYERS MUST BE COMMUNICATED, AND UNMET MARKETPLACE NEEDS IDENTIFIED.
- \* PROGRAMS MUST BE DESIGNED IN RESPONSE TO THE NEEDS OF THE FUTURE.
- \* AND FINALLY, THERE MUST BE A MATCHING VEHICLE TO ALLOW EMPLOYERS AND JOB SEEKERS TO CONNECT. IN MONTGOMERY COUNTY'S CASE, WE ARE TALKING ABOUT A CENTRALIZED CLEARINGHOUSE.

ALL OF THESE IMPLY A CLOSER WORKING RELATIONSHIP WITH THE BUSINESS COMMUNITY, A RELATIONSHIP WHICH IN MONTGOMERY COUNTY'S CASE HAS BEEN FACILITATED BY THE LOCAL GOVERNMENT.

MONTGOMERY COUNTY GOVERNMENT HAS ALSO DIRECTED ITS PRIVATE INDUSTRY COUNCIL TO BE THE VOICE OF OUR ENTIRE LOCAL EMPLOYMENT AND TRAINING SYSTEM AND TO COORDINATE JOB TRAINING ACTIVITIES WHETHER THEY ARE FUNDED THROUGH JTPA ENTITLEMENTS OR NOT. WE HAVE ALSO INSISTED THAT JOB TRAINING ACTIVITIES BE COORDINATED WITH THE ANCILLARY SERVICES WHICH ARE NEEDED TO ASSIST THE CLIENTS WE ARE TO SERVE.

IN ADDITION TO PROVIDING SUPPORT FOR THE ADMINISTRATION OF JTPA PROGRAMS, THE COUNTY APPROPRIATES \$3 MILLION ANNUALLY FOR 16 DISTINCT EMPLOYMENT AND TRAINING PROGRAMS. MANY OF THESE OPERATE OUT OF MULTIPLE GEOGRAPHIC SITES AND THROUGH SEVERAL NONPROFIT ORGANIZATIONS AND OTHER INSTITUTIONS SUCH AS OUR PUBLIC SCHOOL SYSTEM. AT ONE POINT, WE COUNTED UP TO 65 PLACES, WITH FISCAL TIES TO THE COUNTY GOVERNMENT, WHERE A CITIZEN COULD GO TO RECEIVE JOB TRAINING ASSISTANCE AND ANCILLARY SOCIAL SERVICES. THIS DISJOINTED SYSTEM -- OR LACK OF A SYSTEM -- HAS CAUSED CONSIDERABLE FRUSTRATION AND CONFUSION ON THE PART OF BOTH PROGRAM PARTICIPANTS AND EMPLOYERS.

TO ENSURE THE COUNTY IS GETTING THE MOST OF ITS PRECIOUS RESOURCES, WE INSTRUCTED OUR PRIVATE INDUSTRY COUNCIL TO BUILD AN EMPLOYMENT AND TRAINING SYSTEM WHICH HAS A COMMON MISSION AMONG THE PROGRAMS OPERATING WITHIN IT . . . WHICH SETS ANNUAL PERFORMANCE STANDARDS . . . WHICH COORDINATES PLANNING, INTAKE AND PLACEMENT EFFORTS. WHAT WE'RE ATTEMPTING TO ACHIEVE IS THE BEST USE OF SCARCE RESOURCES BY ELIMINATING ANY DUPLICATION WHICH MAY EXIST.

WE FEEL THIS IS CRITICAL TO THE EFFECTIVE FUNCTIONING OF OUR JOB TRAINING PROGRAMS, AND SUGGEST YOU EXAMINE THE POSSIBILITY OF GIVING PICs ACROSS THE COUNTRY -- THROUGH THEIR JTPA ENTITLEMENTS -- THE FISCAL RESOURCES NECESSARY TO DEVELOP THIS TYPE OF COORDINATED APPROACH. WHILE AN IMPORTANT ONE, JTPA PROGRAMS ARE ONLY ONE PIECE OF THE JOB TRAINING PICTURE. AND JOB TRAINING IS ONLY ONE ASPECT OF WHAT SOME OF OUR CITIZENS NEED.

WE HAVE FOUND THAT GOVERNMENT IS AT ITS BEST WHEN IT INVESTS IN CATALYTIC ENDEAVORS -- IN THIS PARTICULAR CASE PIC IS OUR CATALYST -- AND PROVIDES THE RESOURCES FOR OTHERS TO ACCOMPLISH A BROAD GOAL RATHER THAN ATTEMPTING TO CONTROL HUNDREDS OF INDIVIDUAL PIECES. I URGE YOU TO CONSIDER THIS COORDINATED APPROACH TO EMPLOYMENT AND TRAINING AS YOU EXAMINE CURRENT JTPA LEGISLATION.

THANK YOU FOR THE OPPORTUNITY TO SHARE MONTGOMERY COUNTY'S EXPERIENCE WITH YOU.

Mr. PETERSON. Thank you, Mr. Gerson. Mr. Zeller.

**STATEMENT OF JOHN ZELLER, EXECUTIVE DIRECTOR, MONTGOMERY COUNTY PRIVATE INDUSTRY COUNCIL, MONTGOMERY COUNTY, MD**

Mr. ZELLER. Thank you. I am the executive director of the Private Industry Council of Montgomery County. I thank the Chair for the invitation to provide testimony today. My comments should be seen in concert with my colleague, Jon Gerson, who has given some of the basis for the recent changes within the county as well as where we are heading.

As he has said, our county advocates a strong work force development system that is explicitly linked to business and economic life. My testimony focuses on the implementation of this at an operational level.

All of us have talked about the delivery of JTPA programs. The question of what works and what does not is dangerously simplistic.

Of course, when a service delivery area is able to piece together that constantly shifting, magical combination of a motivated client who needs the services that you provide, a competent service provider that pulls together the skills training with appropriate preemployment and life skills training and possibly contextual remediation, and then have these services initially driven by a local employer who has a need for workers and has articulated it, then you have a successful program. I posit that this is the model of a successful, comprehensive program. Absent one of these elements, the risk of failure increases.

The reality of the JTPA system as it has operated over the last number of years is that we work with many more people than can be served, all of whom qualify as eligible because of their inability to financially sustain themselves without relying on a variety of governmental assistance programs.

JTPA is serving people who have not been served well by other institutions. For people with a solid work history, job readiness training may be sufficient to attain employment. But for most economically disadvantaged clients with additional barriers to employment, skills training is essential. This skills training should always be combined with employability and work maturity training. Basic education as well as English as a second language should also be provided at the same time, according to need.

Our private industry council consciously strives to serve its population in an equitable fashion. In the middle of this current program year, we have served approximately 1,900 people so far. Sixty-four percent are female; half of our population is African American; 14 percent Hispanic; and the remaining 11 percent Asian. These numbers reflect the growing diversity of our county, particularly the trend of the increase of our immigrant population.

The amendments that have recently been passed do address some of the areas of concern that have come to light over the last number of years. As a national system, I think that this is good. Unfortunately, it tends to put unnecessary restrictions on jurisdictions—and I include the State of Maryland—that have been doing a fair and honest job.

As an individual responsible for operations at the local level, I believe that the amendments have oriented us in much more of a process system—assessment and referral—as opposed to outcome oriented.

The amendments place much more emphasis on serving “at risk youth,” the “hard to serve,” and “adults most in need,” legislating the proportion of such target groups to be served. The objective assessment process mandated by the amendments would help to ensure that candidates are properly assessed before referring them to employment and training programs.

The requirement that such assessments trigger the enrollment of applicants into our MIS system and the development of an individual service strategy for even those referred to other organizations for services, I believe, places a greater staff burden on the PIC and shifts resources away from clients determined appropriate for JTPA services.

Generally, this emphasis on process translates into more paperwork for our staff to cope with and fewer dollars—precious dollars at that—spent on actual training and client programs. I fear that fewer people will be served because we are serving more paper.

Additionally, due to procurement procedures that will be instituted, “off-the-shelf” programs will predominate and smaller, non-profit and community based organizations will have a more difficult time participating as service providers. This would be unfortunate because it is entities such as these who tend to be the most flexible and responsive to changing labor market and social realities, and these are the kinds of services that we believe need to be procured.

Mainly, I fear that the amendments may set up the JTPA and the PIC system for failure because they draw resources away from direct training and support services. In discussions with my colleagues, there is a sense of apprehension that the language of the legislation and regulations is framed in terms of the ideal and in terms of the comprehensive. The reality is that much is being asked with insufficient resource and authority.

I do not disagree with the goal of objective assessment and referral, but I think we do not have the funds to be as all-encompassing as expected. I do not disagree with the goal of integration of services and coordination of programs, but I think that we, as a system, are being asked to shoulder responsibility and yet there are no mandates or incentives for other agencies and other programs to actively participate in such coordination.

JTPA would benefit from more defined and realistic goals, differentiation between what are and who provides short-term and long-term interventions, and better articulation among the enabling legislation and regulations of similar programs at the Federal level.

In general, I agree with my colleagues that PIC's should avoid isolated job placement programs for at-risk youth and focus on the occupational skills model, combining skills training, academic remediation, and employability skills development.

Make no mistake about it—a program such as JTPA is needed, and successful models ought to be adapted to local conditions. It is needed to provide a second chance for a large segment of our popu-

lation so they can participate in the economic life of our county, our State, our country.

It is also needed by employers who require a system of worker training that is flexible to their constantly changing demands. A public/private partnership, as utilized by JTPA, is also needed. Whether you call it a private industry council, a work force investment board, or a labor market board, it is critical to institutionalize and empower such a partnership to rationally and effectively plan how an area spends all of its resources.

I thank you for the opportunity of testifying today.

[The prepared statement of Mr. Zeller follows:]

TESTIMONY OF:

John Zeller  
Executive Director  
Montgomery County Private Industry Council, Inc.  
Montgomery County, Maryland

BEFORE:

U.S. House of Representatives  
Committee on Government Operations  
Subcommittee on Employment, Housing and Aviation

REGARDING:

Effectiveness of JTPA Title IIA in Meeting  
the Training Needs of Disadvantaged Adults and Youth

1           My name is John Zeller and I am the Executive Director of the Montgomery  
2 County, Maryland Private Industry Council. Our Private Industry Council is a non-  
3 profit corporation that took over the Grant Recipient and Administrative Entity status  
4 of JTPA as of July 1, 1992. I thank the Chair for the invitation to address the  
5 subcommittee on the issue of JTPA.

6           My testimony should be viewed in concert with that of my colleague, Jon  
7 Gerson. As Director of the Office of Economic Development, Jon has spoken of the  
8 basis for the recent changes in our County, why it occurred, and where we are in the  
9 process of heading. Montgomery County strongly advocates a workforce

1 development system that is explicitly linked to its business and economic life. My  
2 testimony focuses on the implementation of these efforts, within that larger context.

3 The question of what works and what does not can be dangerously simplistic.  
4 Of course when a service delivery area is able to piece together that constantly  
5 shifting magical combination of a motivated client who needs the services you best  
6 provide, a competent service provider that pulls together skills training with  
7 appropriate pre-employment/life skills training and possibly contextual remediation,  
8 and have these services initially driven by a local employer who has a need for  
9 workers and has articulated that need to you, then you have a successful program.  
10 I posit that this is the model of a successful, comprehensive program. Absent one of  
11 these elements, the risk of failure increases.

12 The reality of the JTPA system is that we work with many more people than  
13 can be served; all of whom qualify as eligible because of their inability to financially  
14 sustain themselves without relying on a variety of government assistance programs.  
15 JTPA is serving people who have not been well served by other institutions. Within  
16 that universe there is a variety of levels of need and urgency. For people with a solid  
17 work history, job readiness training may be sufficient to attain employment. But for  
18 most economically disadvantaged clients with additional barriers to employment, skills  
19 training is essential. This skills training should always be combined with  
20 employability/work maturity training. Basic education as well as ESL should also be  
21 provided at the same time, according to need.

22 Our Private Industry Council consciously strives to serve in an equitable fashion

1 those segments of the population that have demonstrated need. In the middle of this  
2 current program year in all titles we have served so far approximately 1900 people of  
3 whom 64% are female. Half of our population is African American, 26% Caucasian,  
4 14% is Hispanic and the remaining 11% is Asian. These numbers reflect the growing  
5 diversity of Montgomery County, particularly with the significant recent increase in  
6 our immigrant population. Our cost per participant averages \$1,200.00. In addition  
7 to the performance standards of JTPA, our PIC is interested in how we have helped  
8 the community by linking businesses with jobs to people in need of them, career  
9 ladders, and longevity of employment.

10 The JTPA Amendments do address some of the areas of concern that have  
11 come to light over the past number of years. As a national system, I believe that is  
12 good. Unfortunately it tends to put unnecessary restrictions on jurisdictions -- and I  
13 include the State of Maryland -- that have been doing a fair and honest job. As an  
14 individual responsible for operations at the local level, I believe that the amendments  
15 have oriented us in much more of an assessment and referral process system as  
16 opposed to an outcome oriented system.

17 The JTPA amendments put more emphasis on serving "at risk youth" and "hard  
18 to serve" or "most in need" adults, legislating the proportion of such targets groups  
19 to be served. This directs the expenditure of JTPA funds to the most needy clients.  
20 The objective assessment process also mandated by the amendments ensures that  
21 candidates are properly assessed before referring them to an employment and training  
22 program. The requirement that such assessments trigger the enrollment of applicants

1 into the PIC's management information system, and the development of an Individual  
2 Service Strategy for even those referred to another organization for services, places  
3 a great staff resource burden on PIC's and shifts resources away from clients  
4 determined appropriate for JTPA services. Although the objective assessment process  
5 does take JTPA closer to the one stop shopping, I believe that proper tracking of all  
6 applicants assessed by this process should be done without formally enrolling clients  
7 into the MIS system.

8 Generally this emphasis on process translates into more paperwork for staff to  
9 cope with and fewer dollars, precious dollars at that, spent on actual training and  
10 client programs. I fear that fewer people will be served because we are serving more  
11 paper.

12 Additionally, due to the procurement procedures that will be instituted, "off-the-  
13 shelf" programs will pre-dominate and, smaller non-profit and community based  
14 organizations will have a more difficult time participating as service providers. This  
15 would be unfortunate because it is entities such as these who tend to be the most  
16 flexible and responsive to changing labor market and social realities. And these are  
17 the kinds of services that need to be procured.

18 Mainly I fear that the Amendments may set up the JTPA and PIC system for  
19 failure because they draw resources away from direct training and support services.  
20 In discussion with my colleagues, there is a sense of apprehension that the language  
21 of the legislation and regulations is framed in terms of the ideal and in terms of the  
22 comprehensive. The reality is that much is being asked with insufficient resource and

1 authority. I do not disagree with the goal of objective assessment and referral, but  
2 I think we do not have the funds to be as all-encompassing as is expected. I do not  
3 disagree with the goal of integration of services and coordination of programs, but I  
4 think that we have been asked to shoulder responsibility and yet there are no  
5 mandates or incentives for other agencies and programs to actively participate in such  
6 coordination.

7 Evaluation studies, such as the report of the Inspector General on JTPA, have  
8 generated a fair amount of criticism. I am torn between being defensive over having  
9 the shortcomings of the system pointed out (such as drop-out rates, low wage jobs,  
10 poor grade-level gains) and being in agreement of the criticism. I believe we have built  
11 in an inherent dichotomy between the hopes and expectations of working with people  
12 who have multiple barriers and are hard to serve, and yet working within a JTPA  
13 system that is structured and evaluated as a short-term program. JTPA would benefit  
14 from more defined and realistic goals, differentiation between what are and who  
15 provides short-term and long-term interventions, and better articulation among the  
16 enabling legislation and regulations of similar programs at the federal level.

17 Evaluation studies do not show that JTPA does not work; it shows that there  
18 is empirical evidence that certain program designs are more successful than others.  
19 The practical conclusion for PICs is not that JTPA cannot produce unsubsidized job  
20 placements and significant job retention, but that those models which have succeeded  
21 for similar target groups ought to be adopted. The National Research Council's Youth  
22 Employment and Training: The YEDPA Years, concludes that occupational skills

1 programs targeted to out of school dropouts "resulted in both employment and  
2 earnings gains, reduced the use of welfare and unemployment insurance, and  
3 decreased criminal activity". There was no evidence presented in that report which  
4 shows the residential component to be essential to the above successful outcomes.  
5 Job placement programs for youth have produced only short term increases in the  
6 rates of employment and earnings. PICs should avoid isolated job placement programs  
7 for at-risk youth and focus on the occupational skills model, combining skills training,  
8 academic remediation, and employability skills development.

9       Make no mistake about it. A program such as JTPA is needed and successful  
10 models ought to be adapted to local conditions. It is needed to provide a second  
11 chance to a large segment of our population so they can participate in the economic  
12 life of our county, state and country. It is also needed by employers who require a  
13 system of worker training that is flexible to their constantly changing demands. A  
14 public/private partnership, as utilized by JTPA, is also needed. Whether one calls  
15 them private industry councils, workforce investment boards or labor market boards,  
16 it is critical to institutionalize and empower such a partnership to rationally and  
17 effectively plan for how an area spends its resources.

18       I thank the Chair and the subcommittee for the honor of the invitation to speak  
19 before you today.

Mr. PETERSON. Thank you all. This discussion we had earlier about what information is available, I assume all of you have this information available that they claim is not available some places. You are not part of the problem there, are you? You can tell, at any given time, how much you have invested in certain people and all that statistical information?

Mr. ZELLER. I would say in general that we have systems that, after a period of time—not necessarily easily—can identify the amount of resources that are invested in an individual, and we can come up with different characteristics like that.

Mr. PETERSON. Did you all develop your own software to do this, or how did you accomplish it?

Ms. IRVING. It has evolved over the years. We use what we call a participant activity tracking system. That way, we can track all case management activities and counseling as well.

As I mentioned earlier, we use competency based instruction and we pay according to competencies. We like performance-based contracts, even though I know they are going, but we still use work activity plans. We really want to know how the client is progressing and we monitor it through computerized systems.

Mr. PETERSON. Did you develop these computer programs yourself?

Ms. IRVING. Yes, we did.

Mr. PETERSON. Did you?

Mr. STRUEVER. Yes. Our biggest issue, when you talk about information systems, as we have struggled through the management information systems software issues, has been where we are trying to integrate with different programs and agencies.

I think Pat's example is a good one, with a welfare employment program, where people are in public housing and can't take a job without paying more rent. That has been a big challenge for all of us, because everybody speaks different languages, has different definitions, different rules that they have to follow. I think by and large, we have made a lot of progress with that.

One of the problems that we have had, as an example, is with tracking people through schools and then out of schools, getting information out of school systems, so that the job training system can have what they have in terms of confidentiality, in terms of being able to use Social Security numbers.

It is a pretty simple system through the unemployment insurance to be able to track after people are placed, which us businessfolk on the PIC are very interested in. That's the bottom line. Do they get a job? Do they stay in the job? Are they able to earn a family wage?

One of the things we are driving to is to get some better systems to get beyond the kind of stuff that the IG's office was talking about and to get the things that we think are really important.

Mr. PETERSON. But specifically, did you develop your own software, too?

Mr. STRUEVER. The city of Baltimore, yes.

Mr. ZELLER. Our management information system basically is something that has been developed by the State of Maryland that we feed into.

Mr. PETERSON. The whole State has it?

Mr. ZELLER. Correct. The local financial accounting, however, has been left up to our jurisdiction. So particularly when we became a corporate entity, we developed our own software for financial tracking. It would be better to have an integrated system in terms of the finances and MIS, but that is, I think, beyond the resources and the capability that we have.

Mr. PETERSON. You were talking about the—at some point I was not tracking it totally—about intervening at the eighth-grade level or something. How are you doing that? Are you in the school system?

Mr. STRUEVER. Yes. We have an active partnership with the city schools. It's a statewide program, Maryland's tomorrow, but it's a locally managed and designed program in each jurisdiction with each PIC/SDA, and so we have a team with the schools, with school department employees, funded in part through JTPA funds that pick up kids coming into high school in ninth grade and then run year-around in-school and out-of-school programs.

Mr. PETERSON. Why do you have to tell the school? Shouldn't they know that they should teach these kids how to read? Why do you have to go in and tell them that they have to learn how to read?

Mr. STRUEVER. Certainly a big part of it is trying to figure out better ways—where traditional schooling is not working for these kids and they are on their way to dropping out—how we can intervene with some kind of nontraditional approaches to academics.

Mr. PETERSON. What happened here? You guys were all together and you found out this was a problem and so you sent into the school system and said, "Hey, these kids can't read and this is why they can't get jobs and why they are getting into all this trouble"?

Mr. STRUEVER. Yes.

Mr. PETERSON. So you developed, with the schools, some kind of way to try to get at this? Is that what happened?

Mr. STRUEVER. The original motivation came out of one, employers were saying, "The jobs are available"—this was back when things were booming a little bit better in the mid-1980's—and the applicants did not have the skills, so that the PIC was getting frustrated in that they could not place people because they were not adequately educated.

Therefore, we were getting involved with the schools. We had the commonwealth program that was based after the Boston compact, which was a series of graduation incentives. We were finding that the kids, when they graduated, either did not have the skills or, two, they were not graduating at all.

Hence, there was a lot of pressure to get in with the school systems and get serious about keeping these kids from dropping out and making sure they had adequate skills.

Mr. PETERSON. What did the schools say about this?

Mr. STRUEVER. The partnership has been a positive one, because—

Mr. PETERSON. I understand. But when you went to them and said—I mean, weren't they working on this, or didn't they care?

Mr. STRUEVER. To some extent the schools have welcomed the help, because a lot of the problems go beyond what a traditional school can do. Summer is a big part of the problem for these kids.

Middle-class kids that go to summer camp and have strong families behind them over the summers, they don't learn as fast as they do during the school year; but kids from city schools without families, without strong neighborhoods beyond them, lose everything they learned during the school year, and that is out of the scope of what schools can do.

Mr. PETERSON. Why is that out of the scope? They could have year-round school. They could go to school from 8:00 to 5:00. Why is that beyond their scope?

Mr. STRUEVER. Part of it is money and part of it is—those are all very fair questions to ask.

Mr. PETERSON. They say that it will take less money if you operate year round. In Minnesota, the legislature this year just put a proposal on the table to go to a 12-month school year and extend the day to try to deal with some of these other issues. Why do we have some other program outside of the school to do what they ought to be doing?

Mr. STRUEVER. This program is not outside the school. I think that is the whole point. We are working in partnership with schools. To run a year-round school system—

Mr. PETERSON. I understand, but it comes from outside. You are not on the school board. You are not teaching there.

Mr. STRUEVER. No, but the superintendent of the school system is on the PIC, so that is the partnership that works. So we run a year-round school program, de facto, for these kids that are in serious trouble.

Mr. PETERSON. Is that the best way to do things? Wouldn't it be better to do it in the school?

Mr. STRUEVER. There is a lot of effort and discussion about school reform, which is an exciting thing. I think that JTPA and PIC's is helping lead the way in school reform. We are pushing in the right direction.

We are pushing on accountability and keeping kids in school that really need help and providing these kind of comprehensive services, and after school, and working with the families. That is what we are working toward.

Mr. PETERSON. I did not hear much talk about how you interface, all of you, with the higher education component of all of this—unless I wasn't listening. But again, that is something else that somewhat troubles me. The higher education, vocational schools probably are not training people for the jobs that are actually there. Are you also involved in those—

Mr. STRUEVER. Partnerships, yes.

Mr. PETERSON [continuing]. Schools, trying to get the jobs? One of the things you talked about was that there is a disconnect—that what people are trained for is not necessarily what employers need.

My judgment is that some of the problem is that the schools are not training kids, and they get locked into these programs and this turf, and they don't change with the times. Are you also pushing people in that area?

Mr. ZELLER. I would suggest that this is something that we are moving to, that we see that it could be the local and higher educational institutions as larger bureaucracies, and their change is much slower. In effect, the JTPA system, I think has been asked

to do something that is constantly flexible, that is like a rapid response, and our measures of success are based on short-term things.

I believe that the colleges in our area do a good job, but they are primarily oriented to longer-term programs. We can feed into them to a certain degree, but all of us, I think, have spoken about the end product as jobs, and an employer and job opportunities may exist 4, 5, 6 months out, and you have to prepare people in a much shorter period of time.

I think that working with the school systems more carefully, particularly in regard to the other programs that they receive from other Federal agencies—for example, the Perkins funding—we need to coordinate more, and we need to plan together more up front.

There is also an articulation between our secondary schools and colleges that needs to be part of this equation, too. In our county, we are looking at the "tech prep" program—in the last 2 years of high school and the first of college as being an opportunity to do this.

But, from the JTPA standpoint, we are trying to inject the perspective of those people who either are in danger of dropping out, in danger of being lost by the system, or who have already done so, and trying to bring them back in. That is the example that I think Bill was talking about with the State of Maryland's initiative. It is an example of the comprehensive program that is in the school system.

Most of it is funded by State dollars, not JTPA. JTPA is a piece of this. But we are trying to identify people, work with them during the 4 years of high school and 1 year after, if that is the appropriate transition, either to work or postsecondary education.

Mr. GERSON. I'd like to just follow up with one comment about your question because it is, I think, a good one. It was interesting to me to speak to 150 educators from our local school system recently, and to tell them about what we were doing in employment and training and to have them come back at me and say, "Our job is not to get these kids jobs or prepare them for jobs; our job is to educate them. Your job is to help them get jobs."

There is a real debate going on about whether or not, indeed, the job of schools is to educate or to prepare them for jobs. Not everybody is on board, thinking the same thing.

Ms. IRVING. I have to agree with that. That is what we are seeing also, that we educate for the sake of educating young people. The educational system doesn't really know if they are meeting the needs of the private sector or the corporations or not. They figure "Well, if we have been doing it for the last 20 years, why fix what is not broken?" Well, it is broken. Inner cities are having major problems, far beyond anything you can ever imagine. That is why we try to support the school district as much as we can. We [PIC] can go in there—the schools—and make a difference by adding services.

In terms of the colleges and universities, what I see is an adjustment on their part to realize that they are not going to see the typical academically prepared client; and they—colleges and universities—have to shift their expectations down to reality. Then they

are going to have to work harder with us [PIC] to understand the harder-to-serve clients.

We see ourselves in a pivotal spot where we can work with the universities and the school district to keep peace.

Mr. STRUEVER. Your question about higher education is very appropriate since, if we are working toward a high-wage, high-skill, high-performance work force out there, that higher education is definitely a big part of that.

One specific example, I think, responds to the kind of issues that they have run into in Montgomery County. Life sciences is one of Baltimore's big dreams in terms of its economic future, and we are hearing from the universities and research institutions and businesses there is this big gap in terms of skilled lab technicians.

So the Baltimore City Community College now has life sciences institute that does lab technicians' training. Then they found that they couldn't get kids out of city high schools that would qualify to get into lab technicians training, so now we have tech prep in the high schools as a feeder to create a career path, now, in life sciences, of which higher education and the K-to-12 system and the JTPA system are all intimately entwined together in trying to make that all happen.

Mr. GERSON. And as different as Baltimore and Montgomery County, MD are, and to give some sense for how different communities are—

Mr. STRUEVER. Yes, they have all the money.

Mr. GERSON [continuing]. We produce the money that goes to Baltimore. [Laughter.]

But that problem is one that is common to our own community, as well. That's why I was talking about the high-tech firms that, when we did the survey, told us they can't find entry level people to do these jobs.

Mr. PETERSON. We have more questions we have to ask. Just one final comment. I represent a rural area, and we have just as big problems in our rural areas as you have in the inner city. We don't know exactly what to do with it all, either.

We appreciate your being with us and your testimony was useful. We may submit a couple or three questions to you that I didn't get a chance to ask, if you would be willing to answer those, and we appreciate you taking the time.

Ms. IRVING. Thank you for the opportunity.

Mr. ZELLER. Thank you.

Mr. PETERSON. I would like to call the last panel. We have David Williams, who is the Deputy Assistant Secretary for Employment and Training. He is accompanied by Karen Greene, chief of the Division of Performance Management and Evaluation; Hugh Davies, director, Office of Employment & Training Program; and Bryan Keilty, administrator of Office of Financial and Administrative Management.

Welcome to the committee. Again, we swear everybody in, so if you don't mind.

[Witnesses sworn.]

Mr. PETERSON. Thank you. Welcome to the subcommittee.

**STATEMENT OF DAVID O. WILLIAMS, DEPUTY ASSISTANT SECRETARY, EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR, ACCOMPANIED BY KAREN GREENE, CHIEF, DIVISION OF PERFORMANCE MANAGEMENT AND EVALUATION; HUGH DAVIES, DIRECTOR, OFFICE OF EMPLOYMENT AND TRAINING PROGRAM; BRYAN KEILTY, ADMINISTRATOR, OFFICE OF FINANCIAL AND ADMINISTRATIVE MANAGEMENT; AND PATRICIA WILKINSON, GRANTS MANAGEMENT SPECIALIST, OFFICE OF GRANTS AND CONTRACT MANAGEMENT**

Mr. WILLIAMS. Thank you, Mr. Chairman. I would like to take just a moment to also introduce to you Ms. Pat Wilkinson, who is from our Office of Grants and Contract Management, to the left of Mr. Keilty.

Mr. Keilty has been overseeing our provisions of the amendments that deal with the contracts, management, budget and some of the reporting issues.

Mr. Hugh Davies has spearheaded our effort on the amendments process, and Karen Greene has been primarily responsible for our evaluation, research, and reporting initiatives, particularly with regard to the amendments.

If I may, Mr. Chairman, I would like to go ahead and simply summarize my statement, and submit the full statement for the record.

Mr. PETERSON. That will be fine.

Mr. WILLIAMS. I am pleased at this opportunity to appear at the oversight hearing on how effectively the Job Training Partnership Title II-A Program is serving disadvantaged adults and youth. I will address the subjects briefly listed in your letter of invitation, beginning with the present status and operations of the JTPA title II-A program.

Title II-A of JTPA is the largest Federal program aimed at providing job training for the poor. \$1.7 billion is presently allotted to the 50 States, the District of Columbia, and the territories, and 640 local service delivery areas to provide job training to economically disadvantaged individuals. From 1983, when the II-A program began, through June 1992, programs have served over 6 million adults and youth.

JTPA program structure: The program is administered through formula grants to States which, in turn, presently allocate 78 percent of the funds by formula to local service delivery areas. Governors have the basic responsibility for program oversight and setting administrative standards.

Local programs are planned and monitored by the private industry councils. They are selected by locally elected officials and they are composed of a majority of local businessmen and businesswomen.

A State job training coordination council—which includes representatives of business, State officials, labor, and community organizations, as well as others, for example, from health and welfare areas—advises the Governors on job training policy.

There are an estimated 16,000 service delivery staff persons nationally and an estimated 2,500 State JTPA staff persons.

With regard to local program activities, they provide classroom training, on-the-job training, basic skills instruction, counseling, job search assistance, and supportive services. From 1983 to 1992, over 3.5 million participants were placed in employment.

Nearly 70 percent of the adult terminees are placed in jobs and 74 percent of the youth terminees achieve positive terminations. It may be increased basic skills, it may be a return to school, or other positive outcomes.

These are program year 1991 figures. At present, participants on average were enrolled in the program for 26 weeks. I believe there was testimony earlier indicating about 18 weeks. I believe that period has been extended and the period of time remaining in the program has been lengthened. Likewise, the earnings for adults placed has moved up to \$6.08 an hour from the previous figure of about \$5.85.

Over 60 percent of the adults were employed 3 months after leaving the program. Minorities make up more than half of the program's participants; and nearly one-third were members of families on welfare.

All local programs are operated under performance standards specified by the Secretary and set for each of the service delivery areas by the Governor. Current standards include adult earnings, job retention, and youth positive termination rates, such as return to school or obtaining new skills.

Job training reform amendments: Over a period of the last 4 years, Congress has deliberated, with the involvement of certainly the career staff, the GAO, the inspector general's office, as well as others, to enact the Job Training Reform Amendments of 1992. I will comment briefly on the impact of the amendments.

We believe they will make significant changes in title II-A. While keeping prior aspects of the program involving private sector involvement, a performance-driven system, local planning, the amendments make some significant improvements, we believe.

First of all, we realize that the program needed more targeting. Therefore, we believe we will be serving more of those most in need, in both adult and youth programs. All of these people are economically disadvantaged but, under the amendments, 65 percent of those served must have other barriers to employment.

We are going to continue to provide client-centered training. With regard to that, the amendments increase those requirements by requiring a comprehensive assessment and individual service strategy. You heard comments on that earlier. I think clearly that is what the amendments drive the system to do, to assess and provide individual service planning strategies.

Those needing only job search—and we talked about that earlier in the day—will be directed to other resources, such as the local employment service offices, for placement.

Enhancing the coordination of JTPA with other service delivery activities and other human resources activities is clearly a thrust of the amendments. At the State level, there is a new human resources investment council authorized, providing the opportunity for Governors to combine planning and policy direction.

There are new administrative requirements. All costs must be assigned to the appropriate cost categories. There are new provisions

for financial management. Specific concerns are addressed, with regard to selected aspects of program operations such as limits on program income, the use of any excess income or so-called profits, and in the operation of the on-the-job training program.

There is a new standardized program information reporting, or SPIR, system, which was developed in conjunction with the job training amendments, which will put into place a new client level reporting system for all terminees. We believe that is a unique requirement amongst Federal programs.

With regard to implementation of the amendments, rulemaking was begun, even before the amendments were enacted in September 1992. The Department published an advance notice of rulemaking in the "Federal Register" September 10 and proceeded through the rulemaking process with regard to the interim final rule, which was signed and issued on December 17, 1992, and was published in the "Federal Register" for comments on December 29, 1992.

These are interim final rules to allow the system to operate. However, we are now in the process of reviewing the comments that have been received before issuing a final rule. There have been more than 400 comments received. It will probably require that we take until September 1 to review and issue a final rule.

With regard to training, we have provided a comprehensive, 4-day training course to the system. We did that in February and March of this year. Prior to that, we had also provided extensive training on procurement throughout the country to the system, both State and service delivery levels. The States in turn, right now are training staff in their local service delivery areas.

A transition schedule and instructions have been issued with specific guidelines indicating how we transition from the old to the new system, covering such things as assessment and also the use of funds during the transition period.

I will talk a little about the effectiveness of the JTPA title II—A program with regard to the studies that were discussed earlier.

I think it is important to keep in mind that both studies were conducted prior to the 1992 amendments. We believe that, as Mr. Orr testified earlier, the national JTPA study was a definitive and scientific one. There will be additional information coming from that study—reported information now is up to 18 months. There will be a 30-month report and there will also be some additional information, I believe, on cost effectiveness.

The national study involved more than 20,000 JTPA applicants in 16 SDA's. It followed up on such outcomes as employment, earnings, and educational attainment. At the 18-month followup, as was previously indicated, results showed positive, modest impacts for both adult women and men. It showed negative results for younger people, in particular for young males.

It did indicate that there was some progress in terms of achieving a GED for adults who entered the program, as high school dropouts. For adult women, who were high school dropouts when they applied to JTPA, 19 percent of participants versus 11 percent of controls achieved a GED during the 18-month followup period. For adult men who were high school dropouts, 13 percent of participants were 7 percent of controls achieved a GED during the 18-

month period. The study found that earnings gains were 7 percent for adult women and 5 percent for adult men over the control group.

The results of the national study for youth were generally disappointing. On the positive side, the study found that the program almost doubled the rate of attaining a GED—from 17 to 29 percent for female youth and from 14 to 24 percent for male youth.

However, the study also found no net effect on earnings at 18 months for female out-of-school youth and actually negative effects for earnings of out-of-school male youth. The negative results, as previously indicated, were for those with prior arrest records.

The national study's findings are useful when viewed in combination with other net impact evaluations, such as JOBSTART and CET, which are described in more detail in the full statement.

A multiyear evaluation of the Job Corps, funded by the Department and completed in 1982, did find a positive benefit-cost ratio of \$1.46 for every \$1 spent for the program from society's point of view. It found post-program gains in earnings of about 15 percent.

I should indicate that the amendments envision that both the full assessment and individual service strategies that have been used successfully in the Job Corps Program will now be required of the JTPA title II-A program in general. There will be a new net impact evaluation of the Job Corps performed shortly and that, in fact, should give us more information on that part of the overall employment and training situation.

I think it is fair to say that, while we have some demonstration projects which have given us information on how better to serve disadvantaged youth, we are still trying to find ways to improve the program. We are looking at our own demonstration projects; at the experience of the Job Corps. The experiments in some of these programs, such as JOBSTART and the CET program in San Jose, CA, as well as the STEP Program, help us to gain more information on how to more effectively serve youth.

I would say, with regard to the San Jose program, that one thing that we did find was that the use of basic skills training as well as academic enrichment, as well as positive role models in that program, have shown significant earnings gains for young people. So this is one area in which we are continuing to follow a program and hope we can replicate it in some other locations.

The General Accounting Office and the Department of Labor's Office of the Inspector General have examined the effectiveness of JTPA. You heard from them earlier. With regard to the inspector general's report, we believe that it corroborates many of the changes and the need for changes that were included in the 1992 amendments and with which we in the Department worked very closely with the inspector general's office, as well as members of Congress and their staffs over a significant period of time in the last 3 or 4 years, to implement the 1992 amendments.

With regard to the future of the JTPA program, it is clear that JTPA needs to be more closely coordinated. We will talk a little about some of the things that we are doing, perhaps, in the question and answer period.

The Secretary is currently undertaking a review of all the Federal job training programs, including JTPA, to determine what pro-

grams and strategies work and those which do not. Clearly, we will continue to put more emphasis on those programs that work and reduce those that have proven not to work.

I think it is also important that we continue to work with the other agencies who have these programs. Again, we can talk a little more about that. We have some interagency agreements. We have some task force groups that are working on common definitions and on common plans for delivering services. We will be glad to accept your suggestions, and work with this committee on ways to improve these programs.

This concludes my prepared statement. I will be pleased to answer any questions, Mr. Chairman. Thank you.

[The prepared statement of Mr. Williams follows:]

STATEMENT OF  
DAVID O. WILLIAMS  
DEPUTY ASSISTANT SECRETARY  
EMPLOYMENT AND TRAINING ADMINISTRATION  
U.S. DEPARTMENT OF LABOR  
BEFORE THE  
SUBCOMMITTEE ON EMPLOYMENT, HOUSING AND AVIATION  
COMMITTEE ON GOVERNMENT OPERATIONS  
U.S. HOUSE OF REPRESENTATIVES

April 29, 1993

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to appear at this oversight hearing on how effectively Job Training Partnership Act Title II-A programs are serving disadvantaged adults and youth. I will briefly address the subjects listed in your letter of invitation, beginning with the present status and operation of JTPA Title II-A programs.

The Job Training Partnership Act (JTPA) was enacted in 1982. Title II-A of JTPA is the largest federal initiative aimed at providing job training for the poor. \$1.7 billion is presently allotted to the 50 States, the District of Columbia, and the territories, and 640 local service delivery areas (SDAs) to provide job training to economically disadvantaged individuals. From 1983, when JTPA Title II-A began operations, through June of 1992, local Title II-A programs have served over 6 million adults and youth.

JTPA Program Structure

The JTPA Title II-A program is administered through formula grants to States, which in turn presently allocate 78% of the funds by formula to local service delivery areas. Governors use the balance (22%) for administration (5%), education coordination

activities (8%), older worker programs (3%), and performance incentives and technical assistance (6%). Governors have the basic responsibility for program oversight and setting administrative standards for the program. Local programs are planned and monitored by Private Industry Councils (PICs) which are selected by local elected officials and made up of a majority of local businessmen and women. Nearly 8,000 businessmen and women serve on PICs. A State Job Training Coordination Council, which includes representatives of business, State officials, labor and community organizations, and others, advises the Governor on job training policy.

The average SDA staff size is 25, and there are an estimated 16,000 SDA staff persons nationally. Seventy percent of SDA staff earned less than \$25,000 in 1987. The average State staff for JTPA programs is 44, and there are an estimated 2,500 State JTPA staff persons nationally. A majority of both State and SDA staff have substantial experience in their current position and within the employment and training field.

#### Local Program Activities

Local programs provide classroom training, on-the-job training, basic skills instruction, counseling, job search assistance and supportive services to participants. From 1983 to 1992, over 3.5 million participants were placed in employment. Nearly 70% of the adult trainees are placed in jobs and 74% of the youth trainees achieve positive terminations -- placement in jobs, return to school, further training, etc. For the most

recent year of operation (July 1, 1991 - June 30, 1992), participants on average were enrolled in the program for 26 weeks. Adults were placed in jobs with an average wage of \$6.08 per hour, with over 60 % of them employed three months after leaving the program. Minorities made up more than half of the program's participants, and nearly one-third were members of families on welfare.

#### A Performance Driven System

All local JTPA programs are operated under performance standards which are specified by the Secretary of Labor and set for each service delivery area by the Governor. Current standards include adult earnings and job retention rates and youth positive termination rates. If local areas exceed the standards, they receive from the Governor a proportionate share of incentive funds. If they fail to meet the standards, they receive technical assistance to improve performance, or if they fail for two consecutive years sanctions are applied.

#### The Job Training Reform Amendments of 1992

Your letter asked me to discuss the anticipated impact of the 1992 amendments to the Act, as well as a report on the status of the Department's implementation of the amendments.

#### The Basis for the Amendments

As early as 1987, certain issues arose regarding the operation of JTPA, and in particular Title II-A:

- o Was the program serving those eligible participants who were most in need, or was the program serving those

most readily placeable?

- o What was the quality and sufficiency of the training and services provided by JTPA?
- o Was the arrangement for program administration, largely delegated to the Governors, working acceptably?

The discussion of these issues formed the basis for a major policy debate on JTPA. An Advisory Committee was commissioned to make recommendations on the redirection of JTPA. The General Accounting Office and the Department's Office of the Inspector General also provided critical review of these issues. Over a period of four years, Congress considered legislation to revise JTPA. The culmination of these efforts was the enactment of the Job Training Reform Amendments of 1992.

#### The Impact of the Amendments

The Amendments will make significant changes in the quality, delivery, and administration of programs under JTPA Title II-A. While keeping the aspects of the program which have been the cornerstones of JTPA, such as private sector involvement, a performance driven system, and local planning, the Amendments will make major improvements in the following areas:

- 1) Reaching those most in need - Both adult and youth programs must still serve individuals who are economically disadvantaged, but now 65% of those served must have other barriers to employment, such as being a welfare recipient, basic skills deficient, a school dropout, a person with disabilities, an offender, or homeless. This will ensure that JTPA services

are targeted to those who are most in need and can benefit from job training.

2) Providing client centered training - All participants must receive a comprehensive assessment of their skill levels and service needs, and have an individual service strategy based on the assessment. Local programs must provide an array of training and services which will respond to the needs of the participants. It is expected that only those participants needing job training will be enrolled. Those needing only job search will be directed to other resources in the community. At least half of the funds going to local communities must be spent for training, and up to 30 percent of the funds may be spent for supportive services or training related expenses. No more than 20 percent may be spent for administration. This revamping of the basic service design in JTPA II-A is expected to substantially improve the quality of training and the overall performance and impact of the program.

3) Enhancing the coordination of JTPA with other human service activities - The Amendments provide for greater coordination of JTPA with other human service programs in local communities and at the State level - such as JOBS, Vocational Education, Adult Basic Education, and others. New requirements emphasize coordination in local planning. New arrangements are established for education coordination activities. A new State level human resource investment council is authorized, providing the opportunity for Governors to combine the planning and policy direction of several human service programs administered at the

State level. Over 20 States are expected to establish such councils.

4) New administrative arrangements are required - The administrative concerns identified in JTPA are addressed in the Amendments. The Secretary will specify the basic procurement provisions which must be included in all Governor's policies. All costs must be assigned to the appropriate cost categories. New provisions for financial management are to be applied. Specific concerns with selected aspects of program operation are addressed - such as limits on program income, profits, and the operation of on-the-job training programs. ETA has taken action on certain of these areas already. Systemwide monitoring of procurement and on-the-job training has already occurred, and where deficiencies have been identified, corrective action has been taken.

5) Standardized Program Information Reporting - A new Standardized Program Information Reporting (SPIR) system, which was developed in conjunction with the Job Training Reform Amendments, will put in place a new client-level data system for JTPA that is unique among Federal programs. This new system, which becomes effective this July, will provide comprehensive data on all JTPA clients -- their characteristics, the services they receive, and outcomes -- that can be used by policymakers and managers at the Federal, State, and local levels.

Implementing the Amendments

1) Rulemaking - The Job Training Reform Amendments were

enacted on September 7, 1992. The Department published an advance notice of proposed rulemaking in the Federal Register on September 10 requesting comments on the principal issues anticipated in rulemaking and implementation. The comments received and the active collaboration of ETA with system representatives and staff of the Office of the Inspector General formed the basis for the Interim Final Rule signed on December 17, 1992 and published in the Federal Register on December 29. To date over 400 comments have been received on the rule. In order to carefully analyze this large volume of comments, the Department has delayed the publication date of the final rule from June 1 until September 1.

2) Training - The Department provided comprehensive, four-day training sessions on Amendment and regulatory requirements to a core group of State officials in February and March of 1993. The States, in turn, are training staff of their local service delivery areas. The Department is also providing further specific training during the next six months on key aspects of the amendments such as assessment, youth service strategies, and financial management. All training is being undertaken with the support and collaboration the OIG and other Department agencies.

3) Transition Schedule and Instructions - ETA has issued specific guidelines to the JTPA system which provide information on the transition from the old program requirements to those required in the Amendments. The effective date is July 1, 1993. Guidance has been provided on the application of new

requirements, including the use of carry-in funds and the phasing in of certain requirements during Program Year (PY) 1993 (the one year period following July 1, 1993). All administrative rules are to take effect July 1. Certain program design areas are to be phased in during PY 93 in order to ensure their effective implementation. These include new assessment systems and out-of-school youth service requirements.

Effectiveness of JTPA Title II-A

Mr. Chairman, next I will discuss the effectiveness of JTPA Title II-A programs. Please keep in mind that each of the studies I will refer to was of the JTPA program prior to the 1992 amendments. While there have been many studies and evaluations of JTPA, we believe the most definitive and scientific is our National JTPA study. This net impact evaluation is a random assignment study. Preprogram applicants are divided into treatment and control groups through a lottery. Control groups are denied job training services from the particular program under study to establish what would happen in the absence of the program. The National JTPA Study randomly assigned 20,000 JTPA applicants in 16 SDAs to treatment and control groups over the period November 1987 through September 1989. However, it should be noted that the SDAs themselves were not randomly selected and are not necessarily representative of all SDAs. Individuals in the treatment and control group are followed up over time to determine if the training had an impact on post-program outcomes such as employment, earnings, and educational attainment. The

measurement of the difference in employment and earnings between the treatment and control groups is the net impact.

At eighteen months followup, the study found positive but generally modest net impacts for adults. On average, compared to controls, the program nearly doubled the rate of attaining a GED for adults who entered the program as school dropouts--from 11 to 19 percent for women and from 7 to 13 percent for men. The study also found earnings gains over controls of 7 percent for adult women assigned to the program and 5 percent for adult men assignees during the 18-month period following random assignment. Earnings gains for women were found in both classroom training and on-the-job training (OJT), while gains for men were concentrated in OJT. These positive gains appear to be holding steady over time, and will be re-examined at 30 months follow-up.

The study also looked at the issue of whether training was more effective for the most job-ready or least job-ready. It found that, for adults, the most job-ready had the best results, which suggests the need for more comprehensive interventions for the least job-ready.

These findings for adults are consistent with the major studies of welfare-to-work programs, which have found modest but positive gains for adults.

The results of the National JTPA Study for youth were generally disappointing. On the positive side, the study found that the program almost doubled the rate of attaining a GED for youth who entered the program as school dropouts--from 17 to 29

percent for female youth and from 14 to 24 percent for male youth. However, the study also found no net effect on earnings 18-months after random assignment for female out-of-school youth and negative net effects on earnings for out-of-school male youth. The negative results for male youth were concentrated among those with prior arrest records (25 percent of the sample), but even for male youth without records the program did not achieve positive impacts.

Many of the National Study's findings are corroborated by other net impact evaluations of particular programs and models. For example, a JOBSTART demonstration funded in part by the Department of Labor attempted to provide a fairly comprehensive set of basic skills and vocational skills to dropout youth with low reading skills. The evaluation has found positive impacts on achieving a GED. However, the evaluation has found only modest net impacts on earnings for female youth, and negative impacts for male youth during the first two years of follow-up balanced by positive impacts during the third and fourth year of follow-up. The JOBSTART cumulative four-year results for males are still slightly negative, but the third and fourth year gains suggest that early losses in earnings may be made up over time and that educational gains from the program may be beginning to have some effect. The JOBSTART results are particularly important because the demonstration in many ways reflects the direction in which DOL and Congress has been pushing JTPA-- towards more comprehensive services to more at-risk persons.

One JOBSTART site -- the CET program in San Jose, California -- had very positive results. This same program also had very positive earnings gains in a separate demonstration aimed at minority female single parents. The CET program is quite structured and offers concurrent basic education and job training, with close interaction with case managers and instructors with extensive industry experience.

A multi-year evaluation of the Job Corps funded by the Department and completed in 1982 did find a positive benefit-cost ratio of \$1.46 per \$1 spent for the program from society's point of view. The study found post-program gains in earnings of about 15 percent, but much of what tipped the scale in favor of a positive benefit-cost ratio were savings in criminal justice costs due to reduced serious crimes committed by participants-- both while they were in the program and fewer serious crimes committed after they left. The study used a comparison group rather than a control group design. The Department is currently competing a net impact evaluation of the Job Corps.

Overall, these findings indicate that we do not yet have the answers for effectively serving disadvantaged youth. We are trying to work towards these answers. For example, we might be more successful if we caught youth earlier, before they left school -- suggesting the need to better integrate our programs with the public schools, as we are proposing to do with our school-to-work transition initiative. This initiative will provide students with structured career paths and afford students

the opportunity to learn in "real world" contexts, such as worksites and communities, as well as classrooms. We also might be more successful with a tightly targeted geographic saturation of program alternatives, as we are doing in our Youth Fair Chance program. Peer pressure is perhaps the dominant force that acts on youth, and a saturation of programs may be necessary to reverse the negative peer pressure that in many cases now prevails among disadvantaged youth.

The General Accounting Office (GAO) and the Department of Labor's Office of the Inspector General (OIG) also have examined the effectiveness of JTPA. Many of the findings of the GAO formed the basis for modifications to the current program that were included in the Job Training Reform Amendments of 1992. The recent OIG report on JTPA program outcomes in 35 Service Delivery Areas is useful in that it corroborates the need for many of the changes that were included in the 1992 Amendments. Like the other studies, however, the OIG report refers to the program prior to the implementation of the 1992 amendments.

#### The Future of JTPA

Finally, Mr. Chairman, you asked that I address a series of questions relating to the future of the JTPA program, such as whether JTPA should be integrated with other job training programs, how it fits into the Department's strategy for creating a competitive workforce, and how Federal job training funds can be best utilized. Secretary Reich is undertaking a review of Federal job training programs, including JTPA, to determine the

programs and strategies that work and those that don't. We need to put more of our resources into the former and phase out the approaches that are ineffective. You can be assured that the Department will be having many discussions with this Subcommittee, as well as the authorizing Committee, as our review progresses. We welcome your suggestions, as well as those of the GAO, the OIG, and others, for ways to improve our Nation's job training programs.

Mr. Chairman, this concludes my prepared statement. At this time I would be pleased to answer any questions that you or other members of the Subcommittee may have.

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Mr. PETERSON. Thank you, Mr. Williams. Nobody has been appointed over at your shop yet?

Mr. WILLIAMS. Mr. Douglas David Ross's nomination has gone forward, sir, and we are waiting for that process to be completed.

Mr. PETERSON. He will be whatever the title is over your Department?

Mr. WILLIAMS. Assistant Secretary for Employment and Training, sir.

Mr. PETERSON. What do you say about the discussion that we had earlier about the fact that the IC said that they don't know, they can't measure these programs from some areas and they don't have the information?

Mr. WILLIAMS. Well, first of all, I would ask that Ms. Greene talk a little about what we do have in place. In particular, we have a performance measurement system that has been in place for some period of time which, in fact, drives this system in terms of incentive payments and awards that are made, recognition for exemplary programs, and sets standards for the system which, in turn, are reviewed and set for each service delivery area.

I would like you to talk first about that system a little, Karen, if you would, in terms of both providing information about the program and then driving the system in terms of performance in the direction to serve more of those who are hard to serve and including welfare recipients and others.

Ms. GREENE. I will just take a short period. We have six measures that we use in order to assess program performance, and they are absolutely unique, as far as I know right now, to any Federal program.

We look at whether individuals are employed and what their earnings are 13 weeks after they leave the program. We not only collect information on those participants while they are in the program but every person that you saw sitting at this table earlier has a responsibility to conduct telephone followups to find out if they are employed.

We have a record of 61 percent of our adults still working 13 weeks after they leave the program. Fifty percent of our welfare recipients still have jobs and are working 13 weeks after they leave the program. We also collect information on the earnings of those individuals.

For youth, because so many of those are in school and are not, perhaps, able to work, we collect information, as was mentioned in the previous testimony, about other factors that measure their employability, their occupational and basic skill achievement; but these would be achievements short of a job.

We have been reviewing our standards, starting off early on with short-term standards. Because of some of the effects that performance standards have had on the program, we have altered them periodically and, right now, they are totally in sync with the departmental goals.

I think one of the concerns that we have had in the Department is making sure that, as you set numerical goals and targets for programs, that you don't create a situation where they're working so hard in order to make numbers to document their success that

they, in turn, lose sight of the clients that they are supposed to serve and the way they are serving them.

So we have had to make adjustments over time to do that so that we would avoid a preoccupation with serving more job ready and, perhaps, providing less effective less-intensive services in order to keep costs down; giving the appearance of efficiency at, perhaps, the sacrifice of our clients.

So in terms of our performance management system, we are constantly reviewing it and constantly getting feedback from the field on what the implications are of our performance management system on enrollment policies, service delivery, and other operational effects for our clients.

Mr. PETERSON. I wasn't probably clear enough, but what I want to know is, it says here, "Determining the total investment for each participant was impossible." Do you agree with that?

Mr. WILLIAMS. I think, in part, the performance measures answer one part of that. I think the new standardized reporting system which will give individual client—

Mr. PETERSON. We are not talking about performance here, we are talking about investment—dollars—from what I understand.

Mr. DAVIES. Clearly, we have data on cost per entered employment, so we know how much it costs to achieve the standard program outcome.

Mr. PETERSON. Why does he say this? Why did he say determining the total investment was impossible?

Mr. DAVIES. I'm not sure, but I can assure you that we have specific data on the expenditures in the program and how much it costs for each individual positive outcome.

Mr. PETERSON. What does that mean? For the no positive outcomes you don't have that, or what?

Mr. DAVIES. We have full data on the outcomes for all the participants. We have full information on the expenditures in the program.

Mr. PETERSON. These SDA's and whoever they are, the States, they give you this information?

Mr. DAVIES. That's right. We get the information reported from each of the service delivery areas and we get expenditure information from the States on the total expenditures in that State.

Ms. GREENE. I think one thing that we cannot do is we cannot measure the total costs that are involved in bringing a client up to a fully employable State.

There was a reference made this morning that there is a lot of leveraging of resources. When you are serving a hard-to-serve client, you are perhaps pulling resources from vocational education, welfare, federally funded programs like the JOBS programs. You could have State moneys; you can have local moneys.

There are a lot of resources that go into running the programs. In the case of Baltimore for example, they ticked off a number of partnerships and made reference to many, many service providers and funding resources contributing to the success of those clients who went through JTPA.

We can do a fairly good job, I think, and are trying to work on tracking what the costs are for the total number of participants that go through the program. But to be able to find out how many

other resources contributed to that individual from these other sources is very difficult.

Mr. PETERSON. I can understand that. But it says here: "Financial records were usually not maintained on a participant basis."

Ms. GREENE. They don't normally collect costs. They can't separate out costs by individual.

Mr. PETERSON. That's not true. I was at my CEP agency, and they absolutely have this every single day. They have more stuff than you could ever know what to do with. So why do they say that they were not maintained? Do you know?

Ms. GREENE. From my knowledge of the accounting systems at the local level, it is very difficult to be able to attribute specific costs for that individual if there is more than one funding source that is being used to serve that individual.

Mr. PETERSON. That's not true in the agency that is in my home town.

Ms. GREENE. Some do, but I think in the sites—they were referring to their experience in 35 sites. So I sense that in the 35 sites that they examined—they were not able to capture local costs through the records.

Mr. PETERSON. Do you guys look at that, or is that something you are trying to do something about, or is that what SPIR is about?

Ms. GREENE. The standardized program information is really just a participant-tracking system.

Mr. PETERSON. How does that work?

Ms. GREENE. How that will work is that—

Mr. PETERSON. No. I want to know who is doing the software, what kind of machine is it going to run on, and where is it coming from. Is it something from up here that is being said the agency has to buy this software? How does it work?

Ms. GREENE. At this point, we do not have standardized software. What we are asking is that individual files would be transmitted to the States and then transmitted to an independent contractor. The contractor, then, will set up the national data base which will have—

Mr. PETERSON. You are going to do this by July 1 and you don't know?

Ms. GREENE. Excuse me. We have the program. In fact, we had a demonstration—

Mr. PETERSON. What program?

Ms. GREENE [continuing]. Of the—

Mr. PETERSON. Some contractor did the program?

Ms. GREENE. We have a contractor—Meridian Corp., in Arlington, VA—that is our ADP contractor and they are setting it up. All of the coding specifications were sent out to the States already. The format was also sent out to the States.

They will be sending data on disk or tape, in an ASCII file, so that we do not have to impose a specific software on States and localities where they may have very good software, very good packages already that they're using. They [States] will be sending it up in a generic ASCII file and then, from there, we would convert it to reports.

Those reports will be national reports that we will use. We will also have State and local reports as well. But the data are collected at the local level and then transmitted upward in a machine-readable format.

Mr. PETERSON. So the local SDA is going to send up an ASCII file to the States—

Ms. GREENE. To the States.

Mr. PETERSON [continuing]. And the States are going to accumulate them for their State?

Ms. GREENE. That's correct. They would accumulate it for their State. We will have a file. We will get a tape from the State that will have a record of every individual in the JTPA program, in a yearly submission, a batch file.

Mr. PETERSON. So the State is going to take the local SDA's ASCII files and combine them and then send them to you?

Ms. GREENE. That's correct.

Mr. PETERSON. Why do you want to do that? Why don't you just take the ASCII file right from the SDA? Wouldn't it be easier?

Ms. GREENE. Because it's a decentralized system, Mr. Chairman, and certain responsibilities are relegated to the State as well as the locals. It also is an opportunity for States to look at the data and be able to use the data if they are not already doing that.

Mr. PETERSON. So they are going to take the ASCII files and convert them into something at the State level, then they're going to turn and put it back into an ASCII file and send it to the Federal?

Ms. GREENE. Most States have their MIS system, for which they gather individual data.

Mr. PETERSON. And that is going to be different from what you are doing now?

Ms. GREENE. Every State, I suppose, has their own system and locals have their own systems. Each has its own MIS system and its own means of gathering information. What we are doing is we've just standardized the information, to make sure that it is standardized, which was a point that the IG's office made earlier, that there was a lack of standardization.

We have now standardized about 55 pieces of information. We have uniformly defined them. We've sent the instructions out to the system. So now, the locals know what needs to be forwarded. The States have always had the responsibility of maintaining local files.

Mr. PETERSON. In other words, they are going to have to do something with their software to accumulate these 55.

Ms. GREENE. That's correct. And we have a technical assistance ADP contractor that is working with the States right now that is providing guidance, technical assistance, and onsite visits.

Mr. PETERSON. They are working with the States? Are they working with the SDA's?

Ms. GREENE. The technical assistance contractor is federally funded. We've retained the contractor to work with the States and the SDA.

Mr. PETERSON. Who is the contractor?

Ms. GREENE. Meridian Corp. Subcontractors are Viar and Social Policy Research. It is a three-pronged effort to provide automated data processing, technical assistance, reporting, analysis. It is a complete package.

Mr. PETERSON. And this is going to be done by July 1?

Ms. GREENE. It's already—we had a meeting this week. We had representatives from 15 States and about 10 localities, representing every region of the country. We did a status report. We did an assessment and needs survey about 6 months ago, and we are pretty confident, with the exception of four States, that they will be up and running; and in those four States we are sending the contractor out onsite to guarantee that this will be up and running by July 1.

Mr. PETERSON. What is this going to cost?

Ms. GREENE. For developmental costs and all the technical assistance that's involved in the site visits, it is slightly over \$1 million for the first 20 months. The cost should be reduced substantially after the initial 20 months, once the system is up and running.

Mr. PETERSON. That's for software development, mostly—

Ms. GREENE. That's right.

Mr. PETERSON [continuing]. Training?

Ms. GREENE. They will be developing peripheral software, which will be made available to States and localities. However, we did not want to standardize that if States felt that they could more easily extract from their existing systems the information we wanted.

Mr. PETERSON. So is the software—I mean, some people are running on AS-400's and some are running, I suppose, on PCs, and some are running on mainstreams?

Ms. GREENE. We've done an assessment to find out the hardware.

Mr. PETERSON. So they're going to provide the software and all these different formats? Is that the deal?

Ms. GREENE. That's true. But we have conversion packages. The other thing that I need to explain to you is that we do have a funding source—it's called a 6 percent setaside—at States' disposal for technical assistance.

In anticipation of, perhaps, some of the MIS changes that would be needed to implement this standardized system, we gave them, during this transition period, the opportunity to use some of that money to make their systems compatible if they needed to. That is being done right now, and that is probably the reason why most of the States now feel that they will be in a position where they can comply with this new system.

Mr. PETERSON. Is everybody going to be in agreement on the kinds of things that you are accumulating? When I sit around and listen to all these different people, I hear them arguing amongst themselves about whether you're accumulating the right thing or not, or whether you can't really rely on this because you made some judgment that this is how it should work.

Has that been resolved, or are we going to have people arguing when we get all this accumulated, arguing that we accumulated the wrong thing and it does not mean anything?

Ms. GREENE. We have had an elaborate process of developing this particular record, and we started it back in October 1991. We have had a series of technical work groups, "Federal Register" notices, and solicited comments on the information we are collecting.

We are certainly within, I think, the JTPA community, in agreement that what we are collecting probably the most complete information and will address all of the issues.

Mr. PETERSON. Will the IG agree with that?

Ms. GREENE. Let me just explain. The one issue that I must say we have not been able to address in this is the accumulation of AFDC data pre- and post-program.

That particular area is an area—probably the only area, to my knowledge, that I know—where there would be any disagreement between the IG and the Department of Labor, because the IG worked very closely with us in the development of this instrument. They were a part of every technical work group. They responded to our public comment process. And we met with the IG before it was developed.

So we have worked with the IG. The one area where we were unable to comply, I think, with what they would like, is to require that every record have AFDC grant amounts, and that we look at pre- and post-grant allotments. The reason why we did not do that is because it is an extremely costly process right now to accumulate that kind of information.

We are dealing with over 1 million JTPA participants. That would mean attachment of AFDC records of nearly 40 or 50 percent of those participants. In many States—we polled the States—they said that they did not have the formalized arrangements that would be necessary in order to access individual AFDC files. They do it at the local level in some areas, but it is not a typical situation. It would be costly.

Also, our reporting system is subject to the Office of Management and Budget review process. We are under a paperwork reduction authority. Every one of our data collection surveys must be reviewed by the Office of Management and Budget.

We have had difficulty in the past getting approval from that particular office in the quantity of data, because of the reporting burden that it would place on the system. That is the reason why we go through an elaborate public comment process.

I think that if we were to ask the system—and we did, in a work group, pose the question before 20 State people and about 20 locals—“Would you be able to accumulate the desirable AFDC records so we could get grant amounts?” We were told that it would be extremely burdensome, very costly, and they would oppose it in the public comment process.

Mr. WILLIAMS. Is that for reasons of confidentiality?

Ms. GREENE. Confidentiality was an overriding issue, because it would have client information. It could have also case numbers and Social Security numbers on it, which were confidential.

Mr. PETERSON. Could you provide to the committee, for the record, the specifics of this program? The 55, whatever it is?

Mr. WILLIAMS. Yes, sir.

Ms. GREENE. Sure.

Mr. PETERSON. And the contract, and just what you're up to with this whole thing, so we can understand it better?

Mr. WILLIAMS. Yes, sir.

Mr. PETERSON. The second panel that we had today was concerned that what we did with the 1992 amendments was going to

take away flexibility at the local level, and it may be counter-productive to dealing with the local needs. How do you respond to that?

Mr. DAVIES. The JTPA system, when enacted in 1982, provided broad flexibility on the kinds of interventions that could be provided for any individual. After a period of operation, the view was—and everything that we heard from our experts in the first panel this morning was—that limited interventions had limited impact.

The view of the community and the authorizing committees and the Department was, we had to restructure JTPA in a manner that it ensured a more intensive, more targeted individual intervention. That is essentially what we have done.

Certainly, some people would be of the view that that was unnecessary, that the local community, the local planners, have a better view of that and should be given full flexibility in whatever services, whether it be just job search alone, as the activity in JTPA. Our view was that we had to provide greater specificity in terms of the intervention, and that is essentially what we provided.

By and large, though, the system buys into that notion now and, certainly, while there is some exception to that even among the witnesses today, I think, by and large, the system agrees that an ensured comprehensive intervention for all participants in the program is the most appropriate strategy.

Mr. PETERSON. There have been some people that have criticized the ABT study because they didn't think it included everybody it should have, or whatever. Is this new SPIR deal, is that going to eliminate the need for doing these kinds of studies?

I mean, are we going to have all this information, now, and is it going to be absolutely accurate and everybody is going to agree on it?

Ms. GREENE. Nothing satisfies everybody. I would say that the SPIR will bring our agency and our program probably to a point where we have more information on what services seem to work for certain subgroups in the population, and outcomes—what we call outcomes, or successes, if you want to call it that—are a better measure of our ability to place people and wages for people who are in different target groups.

In terms of being able to, I think, eliminate the need for research, no management information system can eliminate the need for research. You need to go onsite. You need to look at the context in which these people are being served and the local labor market.

You need to talk to the people who are staffing programs. You need to know more about the dynamics of the programs. So there will always be a need for continuing research.

The management information system gives you a glimpse, but you really have to, in order to see which are the most effective programs, you have to have what we would call more process and, also, more of the experimental kinds of research that were described this morning.

An MIS system cannot answer the question, "What would happen in the absence of the program?"

Mr. PETERSON. Right. Do you do that? I mean, do you have people in the Department that go out and do this?

Ms. GREENE. No, we fund almost all of our research to outside contractors who do the field work.

Mr. PETERSON. Why do you do that?

Ms. GREENE. We do it competitively.

Mr. PETERSON. Why do you do that?

Ms. GREENE. Why would we fund contractors?

Mr. PETERSON. Why don't you do it yourselves?

Ms. GREENE. Because of staffing limitations. We have five individuals who are responsible for our research and evaluation. They constitute our research and evaluation staff for the agency.

Mr. PETERSON. Five people?

Ms. GREENE. Five people—

Mr. PETERSON. Have you asked for more people?

Ms. GREENE [continuing]. In our research and our evaluation.

Mr. PETERSON. Have you asked for additional positions?

Ms. GREENE. In the past, I think we have.

Mr. DAVIES. Individual offices always ask for more staff.

Mr. PETERSON. I'm not talking about staff. I'm talking about this specific function. Have you asked?

Ms. GREENE. For research and evaluation, I think we always go in with a request for more.

Mr. PETERSON. How many more? For 10 instead of 5, or what?

Ms. GREENE. Given the fact that we have, at times, had demonstrations that we have been responsible for, we have gone in probably with requests for considerably more than what we have right now. But the reality of the situation is that we are in a mode of cutting back; we're not in a mode of expanding. Research and evaluation is usually the first thing to go when you are in a mode of cutting back on Federal resources.

Mr. PETERSON. I guess in the 1992 amendments, they changed these percentages where they used to be 70, 15, and 15?

Mr. WILLIAMS. Cost limitations, yes, sir.

Mr. PETERSON. And now the administrative are 20 percent?

Mr. DAVIES. Yes, sir.

Mr. PETERSON. Do you think that is kind of arbitrary, or do you think that is some kind of magic number?

Mr. DAVIES. We spent considerable time looking at the actual costs in the system. There is tremendous variability in terms of the size of service delivery areas in the system and, obviously, the amount of the administrative costs is going to vary in terms of economy of scale. It is easier for New York City to operate on 20 percent than it may be for a much smaller service delivery area.

We felt though that, on balance, the 20 percent administrative cost limitation was fair and that the program could be properly administered within that limit.

Mr. PETERSON. It was 15 before?

Mr. WILLIAMS. Yes, sir. It was 15 before.

Mr. PETERSON. And that was not adequate?

Mr. DAVIES. Part of the problem that we dealt with in the amendments was to get a better handle on where the expenditures were going in JTPA. The method of accounting for costs in the system was such that it was hard to get a handle on how much administrative costs there really was in the system.

Mr. PETERSON. Do you have a handle now?

Mr. DAVIES. Yes. The amendments provide for a much more explicit set of requirements for how costs are accounted for in the JTPA system.

Mr. PETERSON. But they have not been implemented yet.

Mr. DAVIES. They will be implemented on July 1.

Mr. PETERSON. So you think that you will have this information, but we don't know at this point?

Mr. DAVIES. I know that in working with the inspector general's office and the other people that have a concern about this, that we've set up systems that should ensure that costs are properly accounted for.

Mr. PETERSON. How would you track this? Through the audit reports that come in? Is that how you track this?

Mr. DAVIES. The costs will be tracked both within the reporting system and in the audit reports.

Mr. PETERSON. So when these audits come in from these 600-and-some agencies, you have somebody in your shop that accumulates all this? Is that how it works?

Mr. DAVIES. The audit process—and it is unfortunate that our OIG colleagues are not following us rather than us following them—the audit activity is the—in fact, I'll ask Bryan, who handles that—

Mr. PETERSON. Well, when I use to do audits, I used to send all these copies to the Department of Labor in Chicago, I think. I used to have to send 10 audits. I never could figure out what we were up to. It said in this book we were supposed to send them there, so we did. I often wondered whatever happened with them.

Mr. WILLIAMS. The process works this way. The IG contracts or performs the audits. The audits then come to the program agency.

Mr. PETERSON. Then the IG doesn't perform the audits; the local auditors perform the audits.

Mr. WILLIAMS. There are two different kinds.

Mr. PETERSON. Isn't that where you get the information?

Mr. WILLIAMS. Generally, audits performed at the local level, then, are rolled up to the State level. They are reviewed at the State level for questioned costs and for disallowed costs, and then they are, in turn, reviewed by the national staff here to see if there is agreement with the action taken.

Mr. PETERSON. When you say reviewed, you basically look at the last page and see if there are any questioned costs?

Mr. WILLIAMS. No.

Mr. PETERSON. Do you actually look at the whole report?

[Mr. Williams nods.]

Mr. PETERSON. How many people do you have doing that?

Mr. KEILTY. We have in our audit resolution and closeout and debt management staff, I would imagine, about 30 people.

Mr. PETERSON. And they are able to do that? And then you put all of this into some data base or something, or how does that work?

Mr. KEILTY. We have a data base that tracks these audits when they come in, where they are, what state of the process we are in, resolution.

Mr. PETERSON. So you are basically, though, relying on these local auditors to determine whether they are within the 20 percent requirements, or 15, right?

Mr. KEILTY. That's correct.

Mr. PETERSON. And you don't really have any way of going in and doing any testing on whether they actually are in compliance or not; you just take their word for it?

Mr. KEILTY. We have had—you know, you get into the question of our oversight monitoring of the program. We have been doing a lot of oversight and monitoring of the system over the last couple of years in the areas of procurement and on-the-job training.

In fact, our own staff visited and monitored, over the course of the 3 years of this extensive process, every single SDA in the Nation.

Mr. WILLIAMS. We took staff from the State. We went in and we looked at procurement, we looked at their recordkeeping and reporting, we looked at on-the-job training, and required specific corrective actions in every case where we found a problem, and disallowed costs or referred special areas where we found problems, referred that to audit.

Mr. PETERSON. Do you have a handle on the people that are doing these audits? I mean, my limited experience is that I think there are probably a lot of people out there doing these audits that wouldn't know if these costs were appropriate or not.

I don't think they have the training to know—even if they could use the auditing techniques to find out the information, I'm not sure they would know whether these are administrative costs or not. Would you disagree with that, that there's a fair number of them that—

Mr. KEILTY. I don't know "fair" number. It's a good thing the inspector general isn't here. I've had concern about the quality of the contract auditors the inspector general uses on doing some of his own audits. So yes, that and the issue of whether the Single Audit Act—

Mr. PETERSON. Do you think that has been helpful? Do you think that the Single Audit Act—

Mr. KEILTY. Well, it's good—

Mr. PETERSON [continuing]. Has accomplished anything?

Mr. KEILTY. No. I mean—

Mr. WILLIAMS. No. One of the things that we've constantly raised questions about is the need for more financial audits; and, indeed, we've worked with the inspector general where we've seen specific areas we felt needed to be audited, and asked for specific audits, because that's one of the problems with the Single Audit Act. It only picks up, in some cases, a very few transactions within our area.

So we've had to ask for more specific financial audits in those areas where we are monitoring and showing that we have reason to be concerned about the audit process there.

Mr. PETERSON. There is, I think, a requirement that they are supposed to look at whether there is compliance with the regulations, right? Do you think that is really happening, to any extent? Do you think that they actually know enough to know what—

Mr. WILLIAMS. Well, there are certainly a number of cases where, between the monitoring and the audit, there are cases that come up to us for resolution or for further investigation or further auditing and there are not only corrective actions taken administratively but there are dollars repaid to the Treasury based upon those disallowances.

So certainly there is activity that is ongoing. But I think it is fair to say, and I think the IG would agree with this, that it is of uneven quality, and I would agree with your comment on that. We find some, both in terms of the people who do it under contract for the IG and also the people who are doing it at the local level.

There is an unevenness. Despite development of audit guides, despite training, despite increased retraining, there is still some unevenness out there.

Mr. DAVIES. But the rules and the amendments now provide for a much more explicit delineation of what the cost categories are and what is to be charged. We've provided extensive training to the States already on financial management. There is a technical assistance guide that is going to be developed and issued. So we are working at making sure that costs are properly charged and accounted for in the system.

Mr. PETERSON. Do you work with the State, and the American Institute and State societies of CPA's? You are working with the State agency?

Mr. WILLIAMS. I think there are a couple of things that are ongoing. Certainly, the IG, in their own activity, the inspector general's office works with all of those organizations.

We also meet frequently with—in fact, Mr. Davies just recently came back from a meeting where he was talking about the amendments—meet frequently with people who are the JTPA auditors, associations that work only on our activity or primarily on our activity.

Mr. PETERSON. You are involved in helping to train those people?

Mr. WILLIAMS. We are involved with exchanging ideas with those people, giving them information, training, answering their questions. New amendments, in fact, that was the key to Mr. Davies' presentation out there, to talk about the amendments, their impact, the tightening of the definitions and the charging to the cost categories, and to be available to answer questions.

We frequently meet with that association, but also with individual JTPA auditors who have difficulties or need questions answered.

Mr. PETERSON. The inspector general called for more oversight. Do you have the resources to comply with that, realistically?

Mr. WILLIAMS. The inspector general's office talked with us in August of last year and looked at the issue specifically of oversight, and looked at a situation in terms of our own plans, and indicated that, over a 2-year period, it would be helpful if we had some additional staff that could be trained and moved into oversight activity.

Bryan.

Mr. KEILTY. Mr. Chairman, in point of fact, in our 1994 budget request to the Congress, the Assistant Secretary sent forward a budget calling for additional staff resources for ETA to be used, partially because of the JTPA amendments and also because of the

economic investment package that the President had included but clearly, within the budget itself, a recognition that because of the JTPA amendments, more resources were required in ETA, not only people but travel and all sorts of resources that we would need to do that job.

Mr. WILLIAMS. Clearly, what we did 3 years ago, was we utilized staff in all of our regional offices as well as the national office, and even diverted some staff from other activities to do the very in-depth review that we did on procurement and on-the-job training, recordkeeping, at every one of the service delivery levels.

That is very difficult on not only the staff, but on the system, because they are forced to move from other activities but it in fact did get a number of corrective actions in the system, and I think it helped train the States further in terms of how to go about some of the monitoring activities in a more aggressive fashion.

I heard some discussion earlier today about passivity, and I can assure you that many of the people at the local level thought that there was anything but passivity when we were going out and trying to work to correct some of these problems.

Particularly in the procurement area we found that to be necessary, and we worked in two ways. We worked with the States and the service delivery areas on the reviews but then we also went back and worked with them on the corrective actions and on the technical assistance, so the problems, hopefully, would not occur again.

Mr. DAVIES. You asked a question earlier in the hearing about the role of the States. There are two principal things that we depend on States doing. One is to administer the program. An essential part of that is to carry out oversight.

We have done a number of things to be much more directive with the States about what their responsibility is for administration and, in particular, the oversight.

Mr. WILLIAMS. The Governor is specifically charged with certain annual reviews and certifications as to written procurement systems and other recordkeeping processes to be in place.

Mr. PETERSON. How is that done? Through the State auditors, or what?

Mr. WILLIAMS. Well, through the Governors' own oversight staffs.

Mr. PETERSON. Somebody on the Governor's staff?

Mr. WILLIAMS. No, the people who are working in the JTPA program. We indicated earlier there were about 2,500 of those people. But they do, in fact, borrow from the State auditor's staff and from other people that they need in the State as well as ask our own people to go.

Many of these reviews are done jointly, because there may be certain levels of expertise in certain areas—for example, in reporting or accounting—where specific staff are detailed for the purpose of these reviews.

Ms. GREENE. And to add to that, you asked why we were not asking for this information directly from the localities rather than going to the States. The primary role of the States is to assess annually the performance of the local programs within the State and to reward, based on this performance data, those programs that are exceeding their standards.

They actually have a set-aside that is targeted for rewards for good performance. So it is the State responsibility to impose the performance standards, to assess program performance at the end of the year against those standards, and to reward those programs that are doing well and to provide technical assistance to those that did not meet their standards. So the States play an integral part.

We would not want to circumvent that particular line or area of authority to ask for information that we would need, to look at local performance and to use our own evaluation purposes, because we used that data base to set the national standards and to develop new standards. We would want to have the States incorporated in that process.

Mr. WILLIAMS. I think States also help in the overall planning of their human resources services and the new human resources investment counselor with broadly based representation is also going to help, I think, in that planning and coordination of statewide human resources services, not just in the job training area, but generally in the State.

I think, as was mentioned earlier today, there is also a role in terms of dislocated workers where there is a need for the State. It has some responsibility in terms of rapid response, and some continued responsibility in working with unemployed workers at the statewide level and trying to train and find new jobs in emerging areas.

Mr. PETERSON. We are running overtime here. There is one more thing, and we will probably have some other questions that we will send to you.

Mr. WILLIAMS. Yes, sir.

Mr. PETERSON. In terms of trying to take what works and expand it, and take what does not work and eliminate it, suppose you are working with the States—how does that all work? Are you basically leaving that up to the States as well, or do you have some strategy at the Federal level where you identify what is working?

Mr. DAVIES. There has been an ongoing activity wherein we share results with the JTPA system through the Governors and through the various associations that respond to the system. But the 1992 amendments provide for a much expanded capacity building activity in the JTPA system where training for staff and sharing of successful models will be carried out. States receive a portion of money to go toward that and the Department has a responsibility for sharing those positive standards and positive programs.

The most immediate thing that we are doing is, as a followup to the training on the basic regulations, going out and providing subject-specific training on successful assessment techniques; youth models that seem to work, even though we're struggling with that; case management; financial management; all of the individual things that we think need to be understood to operate successful programs, including good model programs.

Mr. WILLIAMS. Thank you.

Mr. PETERSON. Thank you all very much for your testimony. We may be looking at this some more. But if you would be kind enough to answer, we may have a few questions we might submit to you. Keep us apprised of what you are up to over there.

Mr. WILLIAMS. Yes, sir.

Mr. PETERSON. We appreciate you being with us.

Mr. WILLIAMS. Thank you, Mr. Chairman. Thank you for having us.

Mr. PETERSON. This subcommittee is adjourned.

[Whereupon, at 12:45 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

## APPENDIXES

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APPENDIX 1.—STATEMENT OF LARRY G. BUBOLTZ, DIRECTOR, RURAL  
MINNESOTA CEP, INC., DETROIT LAKES, MN

### Job Training Partnership Act

Testimony Presented To:

Subcommittee on Employment, Housing, Aviation  
Collin Peterson, Chair

Presented By:

Larry G. Buboltz, Director  
Rural Minnesota CEP, Inc.  
Detroit Lakes, Minnesota

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I am here today to discuss issues initiated by the Department of Labor's inspector general regarding the Job Training Partnership Act. Those seven issues are: (1) Whether the job placement performance measure used encourages SDAs to work with the participants who need the least help and place them in low-paying jobs which they could have obtained without assistance; (2) what the long-term benefits are to the participants; (3) whether JTPA is concentrating on job placement, which should be the role of the state employment services, instead of training; (4) whether JTPA funds are being used to subsidize local businesses who would have hired some of the same employees without the program; (5) whether JTPA programs are complying with their remedial education mandate; (6) whether youth in Summer Youth Programs are properly supervised for work output; (7) whether the 70 percent of the monies statutorily designated for job training are instead being applied to administrative costs; and whether the cost effectiveness of the programs can be measured.

First, I would like to give you a brief background of Rural Minnesota CEP (Concentrated Employment Programs).

Rural Minnesota CEP, Inc., a private non-profit organization incorporated in 1968, operates employment and training programs under the Job Training Partnership Act (JTPA). The basic purpose of the organization is to provide job training and employment opportunities to economically disadvantaged, unemployed and underemployed people. The goals are to increase the client's earned income, maximize employment opportunities, and enhance self-sufficiency. Rural Minnesota CEP is unique among JTPA Service Delivery Areas by virtue of its private non-profit status. In 1973, when CETA was passed, only four Rural Concentrated Employment Programs (CEPs) were designated CETA prime sponsors. Past accomplishments and administrative capabilities were considered in the prime sponsor designation. The same considerations were used when Rural Minnesota CEP was designated a JTPA service deliverer in 1982 (SDA2). RMCEP is also a service provider for the JOBS Program and the federal dislocated worker program (EDWAA).

Rural Minnesota CEP is one of seventeen Service Delivery Areas receiving funds under the Job Training Partnership Act in Minnesota. Rural Minnesota CEP not only administers these funds but also provides the services. Services include: Career Planning, On-the-Job Training, Work Training, Life Skills, and Job Search. Adult Basic Education, General Education Diploma Training, English as a Second Language, High School Diploma and Post-Secondary Vocational Classroom Training are provided to Rural Minnesota CEP clients through local education agencies.

Rural Minnesota CEP works closely with State and County elected officials as well as representatives of the three Indian reservations found within the area. Every program operated by the Agency is reviewed by the Private Industry Council which is comprised of local business people, educators, economic developers and representatives of other agencies. A Board of Directors, whose members represent a wide cross-section of rural life, provides direction and guidance to the organization.

In its 24 year history, Rural Minnesota CEP has managed over \$228 million in private, county, state and federal funds, and provided employment and training services to approximately 135,600 unemployed, economically disadvantaged persons. In Program Year 1991, over 80% of the adult participants who left our Job Training Partnership Act Title IIA program found unsubsidized employment. Other participants returned to school, joined the military, or decided to continue in other training as a result of their experience with Rural Minnesota CEP. Over 85% of the participants in the Youth Program entered employment or achieved a Youth Employability Enhancement outcome. The agency worked with over 9,500 participants in all of its programs in the Program Year ending June 30, 1992.

The area served by Rural Minnesota CEP is Service Delivery Area 2. (Attachment A). The population density averages only 20 people per square mile. Only four of the cities have a population over 10,000. The rural nature of the area creates a challenge for any job seeker. Low wages and unemployment are typical in the SDA 2 area. The median hourly wage is 85% of the state median hourly wage. The 1989 per capita income ranged from below \$11,000 in Clearwater County to above \$17,000 in Traverse County; the

State per capita income was \$18,731. The SDA 2 unemployment rate was 6.7% in 1992 compared to a state unemployment rate of 5.0%.

### Issue 1: PERFORMANCE STANDARDS

Performance standards are a measure of the quality and accountability of the delivery of employment and training services. In the program year ending June 30, 1992 both the State of Minnesota and Rural Minnesota CEP achieved high performance. These outcomes were achieved because RMCEP and other Minnesota SDAs offer quality services to all individuals. The outcome of \$260/week at follow-up for welfare recipients is considerably above the \$170/week an individual working for the minimum wage would earn.

#### JTPA II-A PROGRAM YEAR 1991 Performance Standards

	State Standard	RMCEP Actual Performance	State Actual Performance
Follow-up Employment Rate	60.4%	78.4%	68.2%
Welfare follow-up Employment Rate	53.4%	77.5%	65.4%
Follow-up Weekly Earnings	\$235	\$249	\$266
Welfare Follow-up Weekly Earnings	\$236	\$249	\$260

#### Youth

Entered Employment Rate	49.2%	73.5%	55.3%
Employability Enhancement Rate	28.2%	45.6%	43.1%

#### State Performance Standards

#### Adult & Youth

Welfare Recipients Enrolled As a Percentage of Total Enrollment	49.5%	54.8%	58.8%
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#### Adult

Wage at Placement As a Percentage of Adult Non-Welfare Clients Wage at Placement	90.0%	96.1%	99.0%
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These outcomes were achieved while serving hard-to-serve individuals. *See attachment 2*  
Welfare recipients are one of the groups designated as hard-to-serve under

the 1992 JTPA amendments. Welfare recipients made up 58.8% of the JTPA IIA participants in PY 1991. Currently 70% of RMCEP's adult participants fit into one or more of the hard to serve categories included in the JTPA amendments.

Rural Minnesota CEP's policy is to serve economically disadvantaged individuals who need assistance to obtain employment. Rather than fit people into boxes, staff look at need, motivation and commitment with an emphasis on need.

#### Issue 2: LONG TERM BENEFITS

Individuals who participate in RMCEP's Employment and Training Program realize several benefits.

- o Adult participants who left the program for employment in Program Year 1991 were paid \$260 per week when surveyed for follow-up data. As a starting wage this compares favorably with average weekly wages of all employees in the nineteen counties of Service Delivery Area 2 which ranged from \$289.89 per week to \$386.93 per week in the fourth quarter of 1991.
- o Of those participants who left the program for employment, 88.9% were still working thirteen weeks later according to survey results.
- o Participants who complete Classroom Training or On-the-Job Training have marketable skills that will help them secure and advance on a job.
- o Participants who complete Work Training gain basic work skills and habits that will help them succeed at any job.
- o Participants in the Life Skills Workshop are better able to cope with pressures that could force them to quit working.

- o Participants in basic education, GED, ESL and High School Diploma Programs increase their confidence and their ability to access further education and training opportunities.

Individuals would have great difficulty in achieving any of these long-lasting results if not for the help and assistance available through the Job Training Partnership Act.

### Issue 3: JTPA TRAINING AND PLACEMENT ACTIVITIES

In Minnesota Job Service and Service Delivery Areas negotiate coordination agreements which include a description of the services which each entity will provide. (Attachment 2)

Rural Minnesota CEP's charge is to provide training, employment experience and employability planning services to economically disadvantaged unemployed people who have barriers to employment. The mission of the Job Service is to bring people and jobs together by helping businesses meet labor force needs.

The Rural Minnesota CEP Employability Development System consists of a series of organized activities which promote a formal and practical approach to help participants secure employment. The activities in which clients participate are determined by the completion of a Needs Assessment. The Needs Assessment provides staff with the information necessary to evaluate the employment related needs of the client. During the Needs Assessment, staff determine the skills, abilities, training, work history and employment barriers of each client. After determining needs, an individual may enter one of the following activities:

1. Career Planning System -- This component was developed to instruct the disadvantaged unemployed in making informed career decisions. The process considers aptitude, skills, interests, lifestyle needs, personal barriers and labor market possibilities in setting career goals. The result of the activity is a written Employability Development Plan.

2. Work Training -- Some applicants have never held a job or have an inconsistent work history. Work Training is for them. Participants are placed in well-supervised worksites to learn basic employment skills such as promptness, cooperation with co-workers, responsibilities to employers and dependability.
3. Youth-In-Transition -- This activity consists of short term and/or part-time jobs for clients who are in school. It provides students with an opportunity to develop basic work skills while completing their education.
4. On-the-Job Training -- Participants learn specific job skills in an actual work situation. The employer provides the training and Rural Minnesota CEP reimburses the employer for extraordinary training costs. The worker gets a job and the employer gets an employee trained to specifications.
5. Adult Basic Education -- Participants who require upgrading of reading, communications and math skills are enrolled in adult basic education programs operated by local school districts.
6. General Equivalency Diploma -- Dropouts prepare for the GED test with local education agency providers.
7. High School Diploma -- Participants work toward a diploma in a local alternative education center, alternative program or regular high school program.
8. English as a Second Language -- Individuals whose primary language is not English participate in ESL classes through local education agencies.
9. Classroom Training -- Occupational skill classroom instruction is also available to participants in cooperation with existing post-secondary schools. Tuition, books, and supplies are provided by Rural Minnesota CEP. Supportive services are also available.

10. Job Search System -- This three week training activity includes a five day workshop in which participants are taught how to access the hidden job market for job openings, prepare a good resume, perform well at interviews, keep a job once they get it, leave a job that is not working out, and start the process again if necessary. Staff then monitor the implementation of these skills for two weeks. RMCEP thus gives people the lifetime skills for staying employed.
11. Life Skills -- Many hard-to-serve clients lack the confidence and knowledge necessary to deal with the complexities of modern society. In Life Skills participants learn techniques to take control of their personal lives. This activity includes sections on personal growth, stress, self-esteem, positive thinking, trust, aloneness, values, change, decision making, budgeting and parenting. Helping individuals gain control of their lives improves the likelihood that they will stay employed.
12. Youth Competency System -- Youth are screened in three areas: Pre-Employment/Work Maturity Skills, Basic Education Skills and Job Specific Skills. Should the initial screening indicate that a youth may be deficient in an area, further evaluation is conducted using CASAS pre-assessment instruments. Youth who require upgrading in two of the three competency skill areas participate in the Youth Competency System. A plan is developed outlining Rural Minnesota CEP activities in which participants can obtain those skills. Any or all of the activities described previously might be utilized. Youth are awarded Certificates of Competency for each of the three skill areas in which they reach a satisfactory level of performance as determined by the CASAS post-assessment. In the Pre-Employability/Work Maturity Skills area, that level is defined as achieving the eleven core competencies. In Basic Education Skills youth who test at or above the eighth grade level are considered competent. In Job Specific Skills, youth must obtain at least 90% of the skills needed for the job.
13. Supportive Services are provided to participants on an as-needed basis. These could include, but not be limited to testing fees, licens-

ing, child care, transportation, appropriate clothing, tools and subsistence needed to continue in training or obtain employment.

While the Job Search System and Job Placement are options, they are normally utilized by participants who have completed some other activity such as Classroom Training. Participants who are job ready, whether eligible or not, are referred to Job Service for Placement Services. Services provided to participants in the Job Search System and Job Placement activity are unavailable through Job Service in Service Delivery Area 2. A limited number of economically disadvantaged individuals who need the training offered in the Job Search System to find a good job, may be enrolled in that activity only. In FY1991 only 75 of 2,396 participants were in JSS only, while in FY1992 only 54 of the 1,781 participants served to date have been in JSS only. Also, a small number of economically disadvantaged individuals who have a real need for supportive services for items such as clothes, tools, or relocation assistance in order to become employed may be enrolled in the Job Placement activity only.

Over 73% of our current program participants have received services in 2 or more activities during this program year. Over 40% of the participants in only one activity have been in Classroom Training, OJT or Work Training. This is in addition to a Needs Assessment and participation in the Employability Development System. This is an increase in service levels from FY1991.

The increase has occurred as RMCEP has begun to move to providing more services to harder-to-serve individuals in response to state and federal mandates and priorities. RMCEP is concerned that prohibition on providing stand alone job search will leave a service gap. People who have skills and need jobs may not be able to find good employment because they do not know how to look for work. The economically disadvantaged are isolated and lack the connections others use to secure good jobs. Even graduates of post-secondary institutions and experienced workers flounder because they lack job seeking skills and connections. How sad it is that someone could remain disenfranchised because they lack clothing for work, tools, transportation or relocation assistance. Under new regulations, RMCEP will be

unable to serve these individuals until after they have become hard-to-serve and require costly intervention rather than cost-effective prevention.

#### Issue 4: ON-THE-JOB TRAINING CONTRACTS

During this program year, Rural Minnesota CEP, Inc. contracted with 187 local businesses to train and employ 263 people. On an average, this is 1.4 contracts per employer. Last year we contracted with 252 employers to place 311 OJT trainees which averages to 1.23 contracts per employer. The employer must contribute 50% or more of the OJT trainee's wages, provide the same benefits as available to other employees, and accept responsibility to provide specific training as designed in the contract.

We do not use OJT as frequently as we use classroom vocational training for our participants because it is time intensive to design and monitor a customized training program. However, some of our participants have more success in this direct hands-on training activity and participants are immediately earning a wage.

OJT trainees are closely monitored to assure that they are learning the job tasks as outlined in the contract and that sufficient intervention has occurred to address major barriers to maintaining employment. Good client service practices encourage us to work with employers who are willing to invest in training and who are sensitive to the needs of the population which we serve. We have a provision to not pay contracts when training has not been delivered as designed. Because our job developers maintain relationships with employers in specific areas, we are able to identify employers who have a problem retaining OJT trainees. Administrative oversight, record keeping and follow-up statistics also assist us to work in partnership with employers who are seeking long term benefits from the investment in human capital rather than a short-term economic boost.

#### Issue 5: REMEDIAL EDUCATION MANDATE

In 1987, Rural Minnesota CEP assembled a task force of members from the Private Industry Council, administration and teachers from local educa-

tion districts, and employment and training personnel to develop guidelines for a literacy program. Literacy Training is an enrichment program designed to prevent the loss of grade level often experienced by "at-risk" youth during the summer months. As part of their work week, youth in this component received remedial instruction in math and reading. The Summer Youth Literacy Training Program has operated for the past six years.

Local school districts provide Literacy Training under contract with Rural Minnesota CEP. Youth are identified by the local schools as in need of Literacy Training based on academic performance or standardized test scores which indicate that the student is functioning below 8th grade competency or at two grade levels below an age appropriate level. A pre and post test is administered to provide documentation of program effort.

Last summer, Rural Minnesota CEP, Inc. contracted with 32 school districts and cooperative educational districts to provide remedial education in reading and math. Those school districts and teachers that participated in Summer Youth Literacy Training provided excellent and often innovative instruction in mathematics and reading. Their efforts and commitment helped make this Summer Youth Program successful.

Program success in average gains in literacy levels are as noted:

<u>Year</u>	<u>*Participants</u>	<u>Reading</u>	<u>Math</u>
1992	339	.59	.98
1991	327	1.12	.83
1990	317	1.0	.9
1989	314	.9	1.1
1988	174	1.1	.56
1987	130	--	--

\* The numbers of youth participating in Literacy Training is a combination of IIB and MYP.

This indicates a slight gain, but more importantly, the scores indicate that the program is successful in its objective to maintain grade level. In addition, 59% of the youth in the program last summer received academic credit.

Rural Minnesota CEP has made consistent effort to meet the remedial education needs of the youth in training with us for the future workforce. In addition to the federal summer program, resources were provided by the State funded Minnesota Youth Program.

#### Issue 6: SUMMER YOUTH PROGRAM SUPERVISION

Rural Minnesota CEP operates a quality Summer Youth Program. We accomplish this because we see the value in training the staff people who will be the contact person for the youth and the worksite supervisors. In turn, RMCEP summer staff provide training to worksite supervisors on program goals, regulations, safety, and mentoring. Summer staff also provide the youth participants with an orientation to the world of work. Included in this training is an emphasis on meaningful work.

Last summer, participants in the Summer Youth Program were placed at worksites which were well supervised and provided meaningful work. Worksites were developed primarily with government and non-profit entities. Every effort was made to assure that youth had an opportunity to apply for jobs within their sphere of interest and ability. Many of the jobs also gave youth an opportunity to improve their communities. The communities in our rural 19 county area count on the youth workers to contribute their time and talents to community improvement projects as crew workers or aides in: county and city park departments, community recreation programs, tourist information centers, senior nutrition centers, city street departments, county museums and libraries, county and city government offices, local schools, recycling centers, and natural resource agencies. Public sector jobs were fully subsidized. On-the-Job Training contracts, which reimbursed the employer up to 50% of the wages for training costs incurred were administered for private sector worksites. Both public and private worksites helped youth develop skills and obtain experience that will prove invaluable when they leave school and enter the workforce.

Rural Minnesota CEP staff frequently contacted both the youth and worksite supervisor to assure our mission for the program: a safe and productive work experience for the youth. Program close-out reports from

the summer staff emphasized the excellence in worksite supervision and commended supervisors for their dedication to young people.

Work Training activity is the vehicle for one of our PIC recommendations: encourage mentoring of youth participants. The worksite supervisors are encouraged to form a mentoring relationship with the youth. This concept is introduced to the supervisors at a pre-placement training session. The Summer Youth staff program evaluations provided these observations about mentoring:

"special effort that we made was to work with the supervisors in terms of training them to be mentors to the youth. Many of the supervisors did a lot of this on their own and already saw it as one of their primary functions."

"It was a pleasure for us to see the mentoring that was taking place at some of the worksites. We compliment these supervisors for taking the risk of assisting the kids in their personal life and teaching them skills and work habits that will enable them to succeed in the working world."

"I felt the majority of the worksites were excellent as well as the supervisors being good role models as well as mentors. I had a great deal of youth clients talk favorably about their worksites as well as their supervisors."

Comments from youth participants reinforce the value of the supervisor as mentor relationship: "I'm glad I got the chance to work for my supervisor. He was great!!" "Boss was cool, would like to work for him next summer." "It has made my life different." "Great worksite and supervisors!"

Our work training activity is flexible to meet the needs of the youth and the worksite supervisor. Flexibility is important also to accommodate the literacy needs of the youth. According to a survey returned by the youth participants in SYP last summer:

71.33% worked full-time  
 90% said that their supervisor discussed safety with them  
 96% indicated that there was enough work to keep them busy  
 95.33% felt their work was worthwhile  
 77.33% of the youth were working in an environment where only 1  
 to 3 youth were assigned to a supervisor.

The low ratio of youth to supervisor, emphasis on safety, and meaningful work promotes an excellent youth program.

#### Issue 7: FUNDS AND EFFECTIVENESS

Section 108 of Public Law 97-300 establishes the limitation of costs as follows:

Administration	15.0% Maximum
Training	70.0% Minimum
Participant Support	15.0% Maximum

Section 108(d) of Public Law 97-300 exempts Concentrated Employment Programs from these limitations.

Although exempt from JTPA cost limitations, RMCEP has always striven to meet the goals established in the law. (See chart below). The difficulty of operating a good program which meets federal requirements with only 15% of the budget devoted to administration was acknowledged in the 1992 JTPA amendments which now allow 20%, and in some instances 25%, of the funds to be used for administration.

## Three Year Comparison of Cost Categories for RMCEP

It allocating 50% of Work Experience expenditures to the TRAINING cost category.

JTFA Title II-A	Fiscal Year Ending 6-30-90	Fiscal Year Ending 6-30-91	Fiscal Year Ending 6-30-92	TOTALS
Administration	634,014 15.9%	631,510 16.8%	497,891 14.9%	1,763,415 15.9%
Training	2,319,423 58.0%	2,196,332 58.6%	1,970,115 59.0%	6,485,870 58.5%
Part. Support	1,044,747 26.1%	922,068 24.6%	869,477 26.1%	2,836,292 25.6%
Total	3,998,184	3,749,910	3,337,483	11,085,577

Section 108(b)(2)(A&B) allows for the allocation of 50% of work experience expenditures to the TRAINING component if the Work Experience is less than 6 months; prohibition from future Work Experience; this activity is coupled with other training activities; and the wages paid do not exceed the prevailing entry level wage rate.

Allocating 50% of Work Experience expenditures to the TRAINING cost category.

JTFA Title II-A	Fiscal Year Ending 6-30-90	Fiscal Year Ending 6-30-91	Fiscal Year Ending 6-30-92	TOTALS
Administration	634,014 15.9%	631,510 16.8%	497,891 14.9%	1,763,415 15.9%
Training	2,703,611 67.6%	2,538,595 67.7%	2,264,835 67.9%	7,507,041 67.7%
Part. Support	660,559 16.5%	579,805 15.5%	574,757 17.2%	1,815,121 16.4%
Total	3,998,184	3,749,910	3,337,483	11,085,577

JTFA is an accountable program. Independent audits performed by certified Public Accountants are on file for Rural Minnesota CEP's programs. The program is also monitored by the State of Minnesota and written documen-

tation is maintained. Audit reports and State monitoring reports are available.

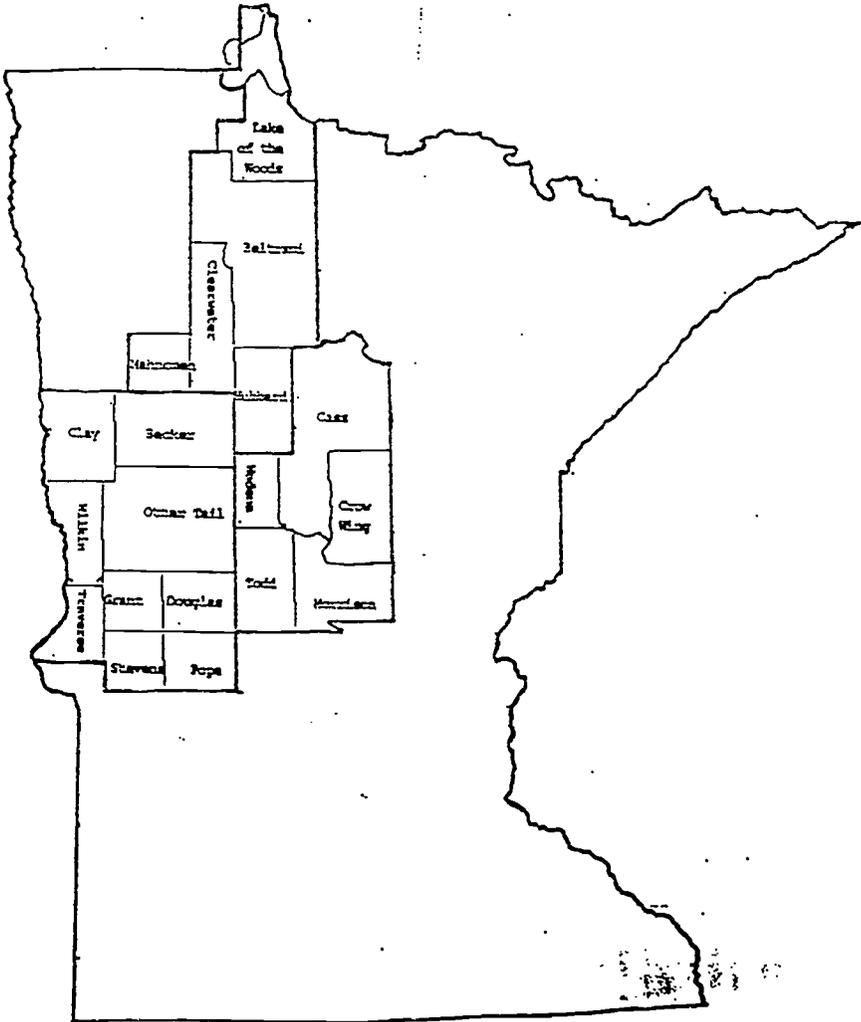
Federal requirements which contribute to the costs for administration include maintaining required audit, accounting, data collection, affirmative action, monitoring, grievance and other procedures which are not without cost.

Still, as shown in the table below, all SDAs in Minnesota in the program year ending June 30, 1992 were within the limitations. Procedures for assigning costs have been approved by the State of Minnesota and their appropriateness verified by independent audit of individual SDAs.

State of Minnesota		
Total Expenditures	15, 457,665	
Administration	2,271,061	14.7%
Training	10,885,907	70.4%
Support	2,300,697	14.9%

When considering cost effectiveness one would have to compare the cost of the investment in training to the cost of lost wages, welfare payments, lost taxes, unrealized potential, lower productivity, and human suffering. Although I cannot analyze the costs of the latter I believe the investment in RMCEP JTPA clients of less than \$2,000 per participant is cost effective when compared to the costs of the alternative.

JTPA/LGB



## Attachment 2

Participant Characteristics

Rural Minnesota CEP has an ongoing commitment to serving welfare recipients. In PY'91 1,614 clients participated in the JTPA IIA Adult Program of whom 56.9% were welfare recipients. The JTPA IIA Youth Program had 782 enrollments of whom 50.1% were welfare recipients. It is estimated that 10.3% of the eligible population were receiving Public Assistance during the program year. Welfare recipients, however, made up 54.8% of the agency's enrollment. Welfare recipients not only were enrolled at a much greater rate than their incidence in the eligible population, but required a larger proportion of the resources to be adequately served. Rural Minnesota CEP recognizes the needs of this hard to serve group, and will continue its commitment to make welfare recipients a priority for services.

PARTICIPANT CHARACTERISTICS SUMMARY  
PY'91 IIA ADULT & YOUTH PROGRAMS

Substantial Segments	Actual Level of Service	Planned Level of Service	Hard to Serve	Actual Level of Service	Planned Level of Service
Female	55.0%	50.0%	Adult Dropout	7.9%	13.0%
Black	0.6%	0.2%	Youth Dropout	4.6%	7.6%
Hispanic	1.3%	0.7%	Food Stamp	51.3%	30.0%
Native American	11.2%	9.0%	St. Public Assis.	54.8%	50.0%
Asian	0.3%	0.4%	AFDC	34.4%	31.5%
16-17	6.2%	6.5%	Work Readiness/GA	21.4%	18.5%
18-21	26.7%	24.9%	Refugee Cash Ass.	0.0%	0.1%
22-39	51.1%	51.0%	UC Recipient	4.9%	4.6%
40-54	13.9%	14.0%	Homeless	1.6%	0.3%
**55+	5.1%	3.6%	Handicapped	12.9%	12.0%
			Long-Term Unemployed	20.3%	"
			Chem. Dependent	10.2%	"
			Low Reading Skills	7.9%	"
			Offenders	10.9%	"
			At Risk Youth	17.2%	"

\* Not Planned

\*\* Includes JTPA 3% Older Worker Program

APPENDIX 2.—QUESTIONS FOR THE RECORD, SUBMITTED BY  
MR. MACHTLEY

RONALD K. MACHTLEY  
133 DISTRICT, HOUSE 18, 1993

COMMITTEE ON ARMED SERVICES  
COMMITTEE ON SMALL BUSINESS  
COMMITTEE ON GOVERNMENT OPERATIONS  
SELECT COMMITTEE ON CHILDREN,  
YOUTH, AND FAMILIES

CO-CHAIR NEW ENGLAND ENERGY CAUCUS  
ENVIRONMENTAL AND ENERGY STUDY  
CONFERENCE  
CONGRESSIONAL HUMAN RIGHTS CAUCUS  
CONGRESSIONAL TEXTILE CAUCUS  
CONGRESSIONAL CAUCUS ON  
WOMEN'S ISSUES  
CONGRESSIONAL VOICE COALITION



Congress of the United States  
House of Representatives  
Washington, DC 20515-3901

May 18, 1993

The Honorable Collin C. Peterson  
Chairman  
Subcommittee on Employment, Housing, and Aviation  
B-349 A Rayburn House Office Building  
Washington, DC 20515

Dear Mr. Chairman:

Thank you for calling the April 29 hearing to review the Job Training Partnership Act. I found the testimony from the witnesses very revealing and I look forward to continuing the subcommittee's oversight of federal job training programs.

Enclosed please find a copy of a letter I wrote to Secretary of Labor Robert Reich which contains questions I would like to see answered to answer for the hearing record. I would also like to have this letter and the Labor Department's reply submitted for the official hearing transcript for the April 29, 1993 hearing.

Again, thank you for calling this hearing. I look forward to continuing to work with you. If you have any questions regarding this letter, please contact myself or Mike Nannini at 5-9026.

Sincerely,

Ron Machtley  
Ranking Minority Member  
Subcommittee on Employment,  
Housing, and Aviation

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RONALD K. MACHTLEY  
11 DISTRICT HOUSE OFFICE

COMMITTEE ON ARMED SERVICES  
COMMITTEE ON SMALL BUSINESS  
COMMITTEE ON GOVERNMENT OPERATIONS  
SELECT COMMITTEE ON CHILDREN,  
YOUTH, AND FAMILIES

CO-CHAIR, NEW ENGLAND ENERGY CAUCUS  
ENVIRONMENTAL AND ENERGY STUDY  
CONFERENCE  
CONGRESSIONAL HUMAN RIGHTS CAUCUS  
CONGRESSIONAL TESTES CAUCUS  
CONGRESSIONAL CAUCUS ON  
WOMEN'S ISSUES  
CONGRESSIONAL NOTES COORDINATOR



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May 18, 1993

The Honorable Robert B. Reich  
Secretary  
United States Department of Labor  
200 Constitution Avenue, NW  
Washington, D.C. 20210

Dear Mr. Secretary:

Thank you for sending Deputy Assistant Secretary David O. Williams to appear before the Home Government Operations Subcommittee on Employment, Housing, and Aviation to testify on behalf of the U.S. Department of Labor at the hearing held on April 29, 1993. I appreciate the Labor Department's participation in this hearing and look forward to working with you in the future.

In the written testimony submitted by Mr. Williams, he made reference to your efforts to conduct a review of Federal job training programs. Specifically, Mr. Williams' written testimony states, on pages 12-13, that "Secretary Reich is undertaking a review of Federal job training programs, including JTPA, to determine the programs and strategies that work and those that don't."

In response to the questions listed below, please provide further information regarding your review for the April 29 hearing record.

- 1) Describe in detail the scope of the Labor Department's "review" of federal job training programs. What specific programs are subject to the review?
- 2) Have any working groups, task forces, or commissions of any type been created by the Labor Department to conduct this review?
- 3) If yes, please submit a list of all Labor Department employees who work for or are assigned to these groups, including their name, their title, and the division within the Labor Department to which they are assigned.

The Honorable Robert B. Reich -- Page 2

- 4) If the aforementioned groups have been established, are any non-federal or private sector persons assigned to these groups?
- 5) If yes, please submit a list of all private sector persons who work for or are assigned to these groups, including their name, their title, and their business address.
- 6) If the aforementioned groups have been established, have you or any other Labor Department employee provided written guidance to the group(s)?
- 7) If yes, please submit a copy of any written guidance provided to the group(s).
- 8) Is this review associated with Vice President Albert Gore's National Performance Review?

Please submit your responses to these questions by June 4, 1993. If you have any questions regarding this request, please contact Michael Nannini of the subcommittee at 225-9026. Thank you for your attention to this request.

Sincerely,



Ron Machtley  
Ranking Minority Member  
Subcommittee on Employment,  
Housing, and Aviation

U.S. Department of Labor

Employment and Training Administration  
200 Constitution Avenue, NW  
Washington, DC 20210

17

The Honorable Ron Machtley  
Ranking Minority Member  
Subcommittee on Employment,  
Housing, and Aviation  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Congressman Machtley:

Thank you for your letter to Secretary Reich requesting information on the Department of Labor's review of federal job training programs.

The Secretary is planning a thorough review of job training programs. However, these plans are still being formulated, and we do not know at this point how the review will be structured. I will get back to you when the review plan takes shape and address your questions.

Thank you again for writing to the Secretary. Please feel free to call me at 219-8660 if I can be of further assistance.

Sincerely,

Handwritten signature of Raymond J. Uhalde in cursive script.

RAYMOND J. UHALDE  
Administrator  
Office of Strategic Planning  
and Policy Development

○

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