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ABSTRACT

This report covers a number of aspects of the implementation of the Job Training Partnership Act (JTPA). Chapter 1 is an introduction. Chapter 2 discusses state-level organization and decision making, involving such questions as relations among the parties, designations of the Service Delivery Areas (SDAs), the state role in Title III, and Title IIA set-asides. Chapter 3 examines the nature of the relations between the state and the SDAs within the state. It covers state regulation and technical assistance. Chapter 4 discusses the organization, major actors, and decision making within the SDAs. Chapter 5 examines private sector involvement at the state and SDA level. Chapter 6 is concerned with targeting of Title IIA and related set-asides by the state and within SDAs. Chapter 7 examines the service mix under Title IIA and program outcomes. Chapter 8 is concerned with youth programs, including the programs and service mix and use of tryout employment or exemplary programs. Chapter 9 discusses Title III--state organization and allocation decisions, SDA role, and service mix. Chapter 10 examines issues of performance standards--the process used by the state to set, measure, and calculate performance. Forms are appended. (YLB)

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TRANSITION YEAR IMPLEMENTATION OF THE JOB TRAINING PARTNERSHIP ACT

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The authors of the chapters in this report are as follows: Sarah F. Liebschutz of the State University of New York at Brockport and Susan A. MacManus of Cleveland State University wrote Chapter 2, The Dynamics of State-Level JTPA Organization. Kenneth T. Palmer and Alex N. Pattakos, both of the University of Maine, authored Chapter 3 on State-SDA Relations. Gretchen E. Maclachlan of Clark College and Bruce Maclachlan wrote Chapter 4 on SDA Organization and Politics. H. Allan Hunt of the W.E. Upjohn Institute for Employment Research wrote Chapter 5 on Private-Sector Involvement in JTPA. V. Lane Rawlins of Washington State University, Kalman Rupp of Westat, and I wrote Chapter 6 on the Targeting and Selection Process. Richard L. Beatty and Wayne M. Turnage of Westat wrote Chapter 7 on Title IIA Service Mix and Outcomes as well as Chapter 9 on the Title III Program. Mark J. Morlock of

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EXECUTIVE SUMMARY

The observation of the implementation of the Job Training Partnership Act (JTPA) on which this report is based covers twenty randomly selected States, stratified by region and size as measured by transition year 1984 (TY84) Title IIA and III allocations. It also covers an observation of forty Service Delivery Areas (SDAs) within the twenty States. The SDAs were selected, to the extent possible, to be representative by region and size as measured by TY84 Title IIA allocations. The stratification is not exactly proportional due to the presence of single-SDA States in the sample, and the results should not be taken as proportionally representative of the universe of SDAs. Table 1-3 in Chapter 1 shows the sample SDAs by region of the country and size category. It also indicates the States in the sample.

This observation took place, using a network of Field Associates and common reporting forms for the States and SDAs, from June through August 1984. Therefore, the observation covers the implementation of the program during the transition year as well as early plans for program year 1984 (PY84). This round of the research also covers State and SDA activities under Title IIA as well as the dislocated worker programs under Title III of JTPA.

This report is the outcome of the second phase of a two-year study of the implementation of JTPA. An earlier round of research -- which included an observation in the States in January 1984 and an observation in SDAs in February and March 1984 -- has been the subject of earlier reports from this project.

Following are the major findings from this second round of observations.

State Findings

The earlier research found that Governors took an active role in the early decisions regarding the implementation of JTPA, such as the location of the program within the State bureaucracy, appointments to the State Job Training Coordinating Council (SJTCC), and SDA designations. As the implementation of the program proceeded and early mandatory tasks were completed, direct involvement of the Governors has become less frequent and they have relied more on their administrative appointees and the State Council to run the program. In most cases, the predominant concerns of Governors have continued to be that the program (1) not turn into a "bad CETA program" and (2) serve politically important groups and be consistent with the programmatic priorities of the Governor. Consistent with this, the Governors have, for the most part, retained discretionary control over the set-aside funds under Title IIA and the allocation of the funds under Title III.

State Councils played a largely advisory role in the early implementation of JTPA. But, by the beginning of PY84, Councils in eight States in the sample were beginning to play policymaking and oversight roles. However, in most States, the Council remains dependent upon State administrative staff. This is partially the result of high turnover and poor attendance, particularly among the public-sector members of the Councils -- a situation noted by the Associates in nearly half the States. Another reason is that some original private-sector members are being replaced with lower level executives who then must invest the time to learn about the program. When the Councils do exercise their authority, their recommendations are rarely overturned by the Governors.

On balance, the Councils are beginning to exercise more control over the direction and content of JTPA; the challenge is to maintain interest among the Council members and provide them with enough timely information to allow them to set policy without overloading them with administrative detail.

The Employment Service (ES) has been more a service provider than a major actor in JTPA. During the transition year, it was the administrative entity in three rural States. There were some relatively minor changes in Employment Service-JTPA cooperation. These resulted from mergers or SDAs' use of Wagner-Peyser Section 7(b) funds to "buy" cooperation by supporting local Employment Service staff who otherwise might have been cut.

The earlier report indicated that the States attempted, not entirely successfully, to rationalize the boundaries of the SDAs. During the transition year, seven States altered the boundaries of areas served by agencies such as the Employment Service or economic development districts to conform to SDA boundaries.

With regard to the use of set-aside funds, most State activity was concentrated on the 6 percent incentive grants and the 8 percent vocational education funds. Few States changed the older worker or administrative set-aside arrangements. While fewer than one-fourth of the States used any of the 6 percent money for incentive grants during the transition year, eighteen of the twenty States in the sample will make incentive grants in PY84 based on SDA performance during the transition year. Further, as the result of interest group pressure, States are placing more emphasis on targeting services to hard-to-serve groups and on imposing service requirements that, in essence, are additional performance requirements.

Nine of the twenty States changed the arrangements surrounding the 8 percent vocational education set-aside. In three of the States, the changes increased the involvement of the SDAs in the administration of these funds.

State-SDA Relations

In the early stages of program implementation during calendar year 1983, the States seemed to fall into three main groups in terms of State-SDA relations.

- In the first group, the Governor regarded JTPA as an opportunity to reform the entire employment and training system. In these cases, the Governor tended to centralize the job training function, either in his or her office or in a single cabinet department. At the same time, that effort usually led to significant decentralizing of authority to the SDAs and their PICs.
- In a second group of States, the Governors were also actively involved in implementing the JTPA program, but for somewhat different reasons. Here the Governor was less concerned with building an administrative partnership than with attaining specific political or policy goals that required a substantial centralization of authority at the State level.
- In a third group of States, the Governors tended not to be actively involved in early implementation of JTPA. Here the arrangements that had prevailed under CETA and the balance between State agency and local reponsibilities remained largely unchanged.

There now appears to be a "settling in" of the JTPA program. Some States with centralized operations during the early transition period are allowing SDAs to have more discretion. Other States, however, that were less centralized at the outset, have assumed more responsibility. There was less diversity among the States in their modes of operation in the summer of 1984 than existed at the beginning of the program.

Some areas of conflict between the States and SDAs during the transition year have been identified. One, related to the liability issue, is provision of regulations, guidance, and definitions. At one extreme, some States have left the SDAs to themselves and have been slow to respond to questions in order to avoid assuming liability for any decisions that are later erroneous. This has fostered SDA associations and other pressure on the State. At the other extreme, some States have actively set definitions, issued regulations, and so on. SDAs in these States complain that the State is taking away their autonomy.

Another area of conflict is management information systems. Some States have attempted to establish a system that tracks each participant through the program. The SDAs see this as burdensome; because data are sometimes entered by the staff of the subcontractors who are not technically skilled, this requirement also may lead to problems of inaccuracy. In other cases, the system is so expensive that, particularly in some rural areas, only the basics are put in place--enough to keep the State from getting into trouble, but not enough to give SDA officials a good understanding of the operation of their programs. Also, in some States the systems are voluntary and not all SDAs participate, either because it is too expensive or because they believe that their system is better than the State's.

A final source of problems concerns the separation of participant and financial data. The SDAs feel burdened by the two systems and the States feel they are not getting the information that they need, for example, to monitor the 40 percent youth expenditure requirement.

SDA Organization and Politics

Organizational arrangements for the grant recipient and administrative entities vary widely among the sample SDAs. A summary of these arrangements is as follows:

- A State agency is the grant recipient and administrative entity in five SDAs. Four of these SDAs comprise an entire State or a major portion of one.
- The grant recipient and administrative entity is some form of multicounty agency in five States. The agency might be a development agency, a council of governments, or a cooperative education agency. The number of counties covered ranges from two to fifteen and are all rural.
- A county agency is the grant recipient in seven SDAs and the administrative entity in six. One is a balance-of-county SDA, two are counties that include large cities, and two are multicounty SDAs in which one county takes the lead.

- A city agency is the grant recipient in eight SDAs and the administrative entity in nine. Most of these are previous CETA prime sponsors. In one, the SDA includes the county surrounding the city as well as an adjacent rural county.

- The Private Industry Council (PIC) is the grant recipient in seven SDAs and the administrative entity in six. These are the only cases in which the PIC itself administers the program and operates at least part of it.

- Some agency other than those identified above is the grant recipient in eight SDAs and the administrative entity in nine. These include local elected official (LEO) boards, PIC/LEO boards, community colleges, a city/county employment and training office, a Community Action Agency, a chamber of commerce, and a six-county consortium.

The PICs in the sample SDAs ranged in size from thirteen to forty-three members with a median size of twenty-three members. Often the size of the PIC was increased by including elected officials in multijurisdictional SDAs.

Effective roles for the administrative entity and the PIC depend upon separating administration from policymaking. At the outset of JTPA the administrative entities, having more experience with employment and training programs, were at a clear advantage relative to the PICs. This led to some strained relations when the administrative entity was involved in policymaking. The experience of the transition year has changed this. By the end of the transition year, in most of the SDAs, the PICs and administrative entities had established cooperative working relationships. The PICs deal with policy and stay out of day-to-day admininistration, and the administrative entities run the program and leave policy setting to the PICs. However, in nearly one-quarter of the SDAs, this is a continuing problem and in at least three SDAs, the staff of the administrative entity actually set policy.

On balance, PIC-staff relations were good. In nearly half of the SDAs in the sample, either the PIC or the PIC in combination with the local elected officials served as the administrative entity, or the PIC had its own staff. In other cases, the staff are employees of the local government or a multijurisdictional agency that responds to a council of governments, or the local elected officials sit as members of the PIC. It is in these latter SDAs that tensions are likely to arise between the PIC and the staff, where the PIC is demanding its own staff or where the local elected official is primary to the PIC. In jurisdictions with multiple local elected officials, the primary concern of the officials is "dividing up the money." In jurisdictions with a single strong local elected official there may be disagreements with the PIC over, for example, designating general assistance recipients as a target group for the program.

As in the earlier observation on SDA implementation, the subcontractors under JTPA continue to be largely a subset of the old CETA subcontractors. Those who are no longer subcontractors are those that did not provide training, those that did not have good performance "track records," and those that were viewed by the PIC members as lobby groups for special interests or who tried to use political pressure to maintain their subcontractor status. Also excluded were those who could not or would not operate under a performance-based contract or meet the 15 percent limit on administrative costs. These factors seem to have eliminated subcontractors for whom there might have been a concern over liability for ineligible participants, so that liability is no longer an issue in subcontractor selection.

Relations between the SDAs and the Employment Service remain highly variable, although there is a good probability of long-run improved relations. In sixteen of the forty SDAs, the relationship was characterized as positive as evidenced by coordination, cooperative planning, or services provided by the Employment Service. Fourteen SDAs had a relationship characterized as negative, as evidenced by either an absolute minimum of cooperation or open conflict. In the remaining ten SDAs, the relationship was mixed, with some areas of cooperation and others in which conflict occurred. In the area of PIC involvement in the review and approval of the local Employment Service plan, the results were not mixed. In thirty-three of the forty SDAs, PIC input into the Employment Service plan was judged to have been minimal. In only two SDAs was there extensive involvement in the preparation of the Employment Service plan, and the involvement in one was acrimonious.

Private-Sector Involvement

Private-sector influence in JTPA at the State level is exercised through the State Job Training Coordinating Council. The role of the SJTCC in JTPA relative to the role of the Governor continues to vary among the twenty sample States. In four States the Council was the primary influence on planning for JTPA. Seven States were found to have a Council whose role was equal with that of the Governor. In the nine remaining States, Associates report that the Council was purely advisory to the Governor.

Private-sector influence on the Council was characterized as strong in States where the role of the Council was judged to be primary or equal. Overall, private-sector influence is strong in eight States, modest in six States, and weak in six other States. Future trends in private-sector influence appear to be directly tied to the role that the State Councils play in JTPA.

State emphasis on a link between JTPA and economic development is seemingly more rhetorical than real. In only a few States could a strong link between economic development goals and JTPA programs be found.

There has been a significant turnaround in the PIC role since the beginning of TY84. At the time of the earlier report, only 27 percent of the PICs in the sample had achieved a primary role in JTPA planning. The current findings indicate that the PIC has emerged as a primary or dominant actor in twenty-four of the forty SDAs (60 percent). The roles of the PIC and local elected officials were characterized as equal in seven SDAs. In only nine SDAs was the role of the PIC thought to be purely advisory. In the twenty-nine PICs where PIC members' previous experience in CETA could be determined, 41 percent had been involved in CETA's Title VII program. This experience might be the key factor in the PICs' emergence in JTPA planning and program operation.

Only two of the nine PICs that were purely advisory at the time of the earlier observation are still in that category. Among the six PICs that were advisory but moving toward equal status, only one is still advisory. In SDAs where this positive movement was not observed, the primary reason seems to be unwillingness of local elected officials or other controlling authorities to share power.

Private-sector influence in PICs is felt in several ways. As Congress hoped, the private sector has typically pushed for a "business-like" orientation, by which the training program brings together the customer (the potential employer) and the product (a placement). The previous program was perceived as emphasizing the needs of the participant.

Private-sector members also emphasize efficiency and prevention of disallowed costs. The emphasis on efficiency seems related to more cooperation and less respect for bureaucratic rules and "turf." It also leads to sharing responsibility for the program with local elected officials; this may reduce political influences, such as the pressure of certain groups or agencies, and improve contractor selection.

"Marketing" the program is another important private-sector role. While these efforts are just beginning, they may represent the ultimate effect of private-sector influence if they can increase the credibility of the program among private employers.

Targeting and Selection Processes

JTPA provides more latitude in setting criteria and choosing participants than any other Federal training program of the last two decades. It gives the States wide discretion, and most States pass this discretion on to the SDAs.

An estimated 23 percent of the U.S. population fourteen years old and older (or 42.3 million persons) satisfied the JTPA Title IIA economically disadvantaged eligibility criteria at some time during 1983. Estimated enrollment in JTPA during the 9-month transition period was 585,700. Therefore, at an annualized rate, JTPA could serve 1.85 percent of the Title IIA eligible population. It should be noted, however, that the eligible population is the technically eligible population, not the population in need or those who would apply for participation in JTPA.

Comparison of the characteristics of the Title IIA eligible population, as estimated from the March 1984 Current Population Survey, with the characteristics of JTPA participants from the Job Training Longitudinal Survey (JTLS) Quick Turnaround (QT) data yields the following information. Males and blacks are relatively overrepresented in the participant population, while whites and older individuals are underrepresented. Youths (fourteen to twenty-one years old) are substantially overrepresented in the participant population

(39.0 percent) compared to the eligible population (19.4 percent). Public assistance recipients are almost proportionally represented in the participant and eligible populations while AFDC recipients are relatively overrepresented among participants. At the same time, the proportion of high school graduates is higher for participants than for eligibles.

A comparison was also done between the characteristics of JTPA transition year participants and those of fiscal year 1981 CETA participants. Both JTPA and CETA participants were more disadvantaged than eligible nonparticipants, as measured by family income and unemployment experience. The proportion of long-term unemployed participants is higher under JTPA than under CETA. However, the proportion with no unemployment (not in the labor force) prior to program entry was substantially higher under CETA. The proportion of public assistance recipients was higher and the proportion of high school graduates lower among CETA participants.

Sixty-five percent of the States in the sample augmented the target group provisions stated in the law. One-fifth added a requirement that the SDAs serve certain significant segments of the population. On average, the States specified 2.6 groups, most often AFDC recipients, youths, minorities, dropouts, and general assistance recipients.

Service Delivery Areas were more likely to add significant segments requirements or additional target groups than were the States. Only three SDAs did no targeting beyond the groups specified in the legislation. Eleven SDAs added significant segments requirements. On average, SDAs targeted 3.5 specific groups, most often AFDC recipients, youths, handicapped individuals, dropouts, minorities, or older workers. SDAs target more groups, in part, because any State targeting is reflected locally, and because SDA officials are more accessible to interest groups that lobby for inclusion of particular groups.

The prevalence of targeting on dropouts, older workers, and the handicapped is of interest because it is often more difficult to get good placement rates for these groups. Despite this, the SDAs are specifying these groups, rather than the States, even though it is the SDAs that are subject to the performance standards.

Most SDAs have centralized their intake activities. Only five SDAs in the sample allowed the actual service providers to handle intake, a practice that was typical under CETA. The tendency toward central intake appears to be related to concern over liability for admitting people who turn out to be ineligible. Further, only one-fourth of the SDAs indicated that they were doing any outreach. These efforts add to administrative costs, which are limited, but do not contribute to placements.

The eligibility verification and assessment used by the SDAs, in and of itself, represents a screening process for intangible characteristics such as motivation. Often, an applicant (typically a walk-in) must assemble and produce a substantial amount of information to verify eligibility. Further, the assessment process may involve several interviews and testing sessions. This becomes a screening process or "funnel" that has its own set of selection effects.

The service mix may also affect participant selection and screening. OJT and classroom training have become the largest parts of the JTPA program and, consequently, the related selection procedures apply to a larger part of the participant population. In typical OJT programs, several participants are referred to the employer who selects the person to be trained. Further, providers of classroom training have entry requirements such as a certain level of reading and math ability, a high school degree or GED, or a drivers' license. The apparent rise in the proportion of participants with a high school degree is probably related to the increasing importance of OJT and classroom training in the JTPA service mix.

Virtually all JTPA participants are economically disadvantaged and relatively little use is being made of the 10 percent "window" for serving nondisadvantaged individuals. Beyond this, the Associates were asked to assess the extent to which SDAs were concentrating on one or the other of three categories of participants: (1) those ready to enter unsubsidized jobs at the time of application to JTPA, (2) those who would benefit most from the training provided by the program, and (3) those most in need of extensive training and supportive services to become employable.

Half of the SDAs in the sample indicated that they were concentrating on those most likely to directly benefit from the training and find a job afterward. Six SDAs appeared to be selecting the most job-ready among the eligible participants. These jurisdictions relied heavily on OJT as a service strategy and focused on job placement as a major goal.

In eight SDAs, the Associates reported a concentrated attempt to serve the most needy in the eligible population. However, even this is a matter of definition; in some jurisdictions the program operators indicated that among the most needy "the most placeable were preferred."

Minor exceptions occurred. One jurisdiction's strategy was to select individuals who were not job ready and make them employable. Two other SDAs indicated that they planned to provide training for the target groups that they had selected for service. Finally, two SDAs indicated that they would provide service "to anyone who walks in the door."

An interesting, but not new, variant of targeting is to use diverse entry criteria differing by the type of training offered and purposely structure the program to serve more than one group. Several SDAs clearly recognized the differences among the job ready, those who would benefit the most from training, and the most needy among the eligible population and tailored different types of training to these groups. In addition, a number of the SDAs indicated that while, in general, they attempted to serve one group or another, they also ran smaller programs for the most needy in the population.

There were always special programs for the hard to employ under CETA, so this kind of programming is not new; however, it appears to be a more conscious strategy under JTPA due in part to the need to meet the required performance standards and in part to the greater ability to tailor programs to local needs and mesh JTPA with other activities.

There are two main strategies for running special programs. The first may be described as a "weighted average" approach. Part of the programming is designed to provide the more job-ready participants with short, low-cost service and place them in unsubsidized employment. This approach not only provides needed services to the job-ready but also allows the SDA to meet the performance standards. It thus allows them to provide programs for the "riskier" individuals -- those who require more intensive service or have less chance of being placed -- and still satisfy the entered employment and cost per placement standards. For example, if 53 percent of participants who are job-ready are put in OJT, an activity with an average 80 percent placement rate, and 47 percent of the most needy are put in a remedial education program with a 28 percent placement rate, the weighted average placement rate for both program components is 55 percent -- the national placement standard for adults.

The second approach, which appears to be more prevalent, provides generally smaller programs for the most needy in the eligible population. The bulk of the program is operated for those most likely to benefit from training. If performance standards are to be met, only a relatively small amount of resources is left over for an expensive and intensive program for those in need of training or remedial education. Often these special programs are targeted, as noted above, to those with especially severe barriers to employment such as dropouts, the handicapped, offenders, displaced homemakers, and older workers.

These programs have the advantage of meeting the performance standards set by the Federal Department of Labor, the State, and the PIC and still providing some service to the most disadvantaged. They may be important, especially where interest groups for disadvantaged persons are involved in program decisions. This type of programming is also advantageous to SDAs because it often is at least partially supported by 6 percent (for hard to serve groups) or 3 percent set-aside money, which does not come under the performance standards. However, enrollees are served under Title IIA and can be included in the enrollee and terminee characteristics report.

Service Mix and Program Outcomes

Complete enrollment and termination data by program activity for the transition year were available in only nineteen of the forty SDAs. The remaining twenty-one SDAs reported either a complete absence of summary program data (seventeen SDAs), or incomplete data for many categories of service mix (four SDAs). State requirements that SDAs report termination, characteristics, and cost data for youths, adults, and welfare recipients was the major reason that SDAs did not summarize data by program activity from individual participant files. Many of the findings in this report related to service mix and program outcomes for the transition year are reported from the Job Training Longitudinal Survey (JTLS).

Total JTPA enrollments during the nine-month TY84 period were 585,700. Two-fifths of all new enrollees during this period entered classroom training programs. Twenty-one percent of the new enrollees entered job search and 22 percent were enrolled in OJT programs. In response to restrictions on subsidized employment, only 7 percent of the participants were enrolled in work experience.

The overall entered employment rates for both youth and adults were well above the national performance standards (57 and 69 percent, respectively). However, adult terminees from classroom training and youth terminees from work experience did not meet the overall national standard (47 and 34 percent, respectively).

Program operators were unsuccessful in placing adult participants in jobs with wage levels equal to or greater than the national wage standard of $4.90. For adult terminees from programs other than OJT and classroom training, the average termination wage fell short of the national standard by at least twenty cents. Moreover, the average placement wage for terminees from OJT was slightly lower than the average wage of terminees from classroom <u>skills</u> training programs.

Increased emphasis on OJT has resulted from SDAs' need to establish high placement rates, develop closer ties with private business, and provide participants with support in the face of stipend restrictions. Program data from JTLS and the Process Study indicate that over 20 percent of TY84 enrollees entered OJT programs. This compares to 9 percent in CETA's first fiscal year, and 11 percent in FY77 through FY79.

The majority of OJT contracts were negotiated with small businesses. They were generated through the use of in-house job developers or by OJT subcontractors.

A sample of OJT contracts from the process Study reveals a median length of training contracts of thirteen weeks. JTLS findings estimate a median actual length of stay of

11.8 weeks for terminees from OJT. Truncated JTLS data (excluding those with less than eight days in the program) estimates a median actual length of training that is as much as three weeks less than median length of stay under CETA in FY80 as measured by the Continuous Longitudinal Manpower Survey (CLMS).

More than half of the contracts in the sample of OJT contracts from the Process Study had wages below the performance wage of the SDA. These short-term low-wage contracts helped achievement of placement rates at low costs per placement. However, they did not help the SDAs meet performance wage standards.

The sample SDAs are divided in their response to the legislative limits on support payments. Officials in almost three-quarters of the SDAs feel the stipend limits weed out those program eligibles who are more interested in collecting a stipend than learning a skill. These SDAs usually avoid payment of any type of stipend and provide need-based payments on a limited scale.

The remaining SDAs indicate the support limits are too restrictive and, in some cases, serve as barriers to enrolling youths and hard-to-serve adults. Four of these SDAs have sought waivers of the 30 percent limit on nontraining costs, while others have taken steps to offset the limits.

Youth Implementation Issues

JTPA requires that 40 percent of expenditures from the Title IIA funds not subject to set-aside be devoted to serving youths under the age of twenty-two. This percentage may be adjusted by the States to reflect the youth population of the individual SDAs. An adjustment was made to the youth expenditure requirement in 73 percent of the SDAs in the sample. The range of the adjusted values that resulted is from a low of 26 percent to a high of 52 percent. In those cases where an adjustment was made, two-thirds were adjusted downward from 40 percent. In addition, SDAs may petition the State for a waiver of their youth expenditure requirement; however, only two of the SDAs in the sample requested a waiver. In both cases it was granted.

Virtually all of the Associates reported that the SDAs felt strained by the youth expenditure requirement. A little less than two-thirds, (63 percent) felt that they would meet it, however.

The following factors help explain why an SDA did or did not meet the youth expenditure requirement:

- Some SDAs (and some States) did not take the requirement seriously. Two Associates indicated that their SDAs did not meet the requirement because they didn't try, believing that there would be no penalty.

- Several SDAs had problems with subcontractors in cases where performance-based contracting was used. In some cases, subcontractors would not undertake a performance-based contract to serve youths. In others, subcontractors could not recruit enough youths to meet the requirement.

- Special recruiting or administrative procedures for youths helped SDAs meet the youth requirement.

- Ninety percent of the SDAs that established large programs specifically for youths met the requirement while 88 percent of those that had little or no special youth programming did not. Some SDAs did not establish special youth programs because of a conflict with other SDA priorities (such as emphasis on OJT) or the limits on expenditures for work experience and supportive services.

Almost 80 percent of the States in the sample anticipated problems with meeting all the youth performance measures, particularly the positive termination rate and cost per positive termination. Several of the State reports cited the lack of established youth competencies as the main reason for their State's failure to meet either the positive termination standard or the cost per positive termination standard for youths.

Title III Programming

The development of Title III as a centralized, State-run program continued through the transition year. Although four States changed their methods for organizing Title III resources during TY84, the major decisionmaking roles were reserved for officials in State agencies.

The allocation arrangements for the transition year were as follows:

- Funds were distributed on a RFP/project basis in five States.
- Specific geographic areas or plants were targeted and funds were allocated on a RFP/project basis in six States.
- Funds were distributed to State agencies and private operators for the purpose of operating a Statewide program in seven States.
- Predetermined allocations were distributed to units of local government on a project basis in one State.
- Seventy-five percent of the Title III allocation was formula funded to the SDAs and 25 percent was distributed on a RFP basis in one State.

The targeting of the dislocated worker program by the States during the transition year was as follows:

- Five States narrowed the targeting in the legislation by developing criteria that distinguished between workers who were displaced from the labor market and workers experiencing periodic spells of unemployment.
- Seven States did not expand or narrow the legislated targeting, but implicitly targeted through projects selected by the State.
- Eight States did not develop a strategy for serving priority groups of dislocated workers, choosing instead to reiterate Federal targeting guidelines.

Nineteen of the twenty sample States were subject to a matching requirement. The sources most often used to generate the match continue to be unemployment insurance benefits paid to program participants; the employer's share of OJT wages; and various in-kind contributions. Only three States provided any real match.

The problems of slow build-up observed during winter and spring 1984 have been corrected. Of the $94 million available to the twenty States for Title III:

2.5 percent has been allocated by formula directly to selected SDAs;

16.7 percent is earmarked for projects within SDAs funded through a State RFP;

6.5 percent has been committed to projects that had not begun to enroll participants as of August 1984;

55.8 percent has been committed to projects that had begun enrolling participants;

10.4 percent was committed to projects that have completed operations;

5.9 percent is being reserved for contingency funding by the States; and

only 2.3 percent had not yet been committed.

A number of States eliminated their build-up problems by distributing program funds to existing employment and training agencies, such as local Employment Service offices, and by refunding Title III pro_ :ts organized in FY83. Other States indicated that early build-up problems were merely a function of the newness of the program.

Half of the sample States report slow program expenditure rates. One reason for the apparent low expenditure appears to be underreporting of expenditures in Title III. Beyond that, the reasons program operators were unable to spend their allocation include the lack of experience of some service providers in conducting intake and eligibility determination, the unwillingness of dislocated workers to participate in the program, and the numbers of new program operators.

Title III servic st:ategies are varied. Some operators focus on employme: t development activities such as job search. Other providers re .eveloping programs designed to retrain Title III participants, such as OJT and occupational skills training.

The number of SDAs receiving Title III funding in PY84 remains small. Fourteen of the forty SDAs operate a combined total of twenty-three projects. Sixteen of these projects have projected enrollments of fewer than 200 participants. The level of communication and coordination remains low between the SDA-administered JTPA programs and the Title III programs operated by private, State, and local agencies outside of the SDA delivery system. SDAs that operate both Title IIA and Title III programs typically treat the dislocated worker program as a supplement to their better-funded Title IIA programs.

Performance Standards

During the transition year (with one exception attributable to oversight) all sample States adopted all of the seven Title IIA performance measures specified by the Secretary of Labor. A small number (three States) experimented with additional measures not included in the Secretary's list. Only one of these States retained the additional measures in PY84.

All sample States adopted the Secretary's seven measures for PY84. However, 60 percent of the sample States adopted additional measures. These additional measures include "significant segments" standards, job retention, net impact, job placement in new or expanding industries, and expenditure standards.

Six of the twenty sample States apparently did not use the Department of Labor regression adjustment methodology in establishing PY84 standards. These States took the national standards rather than the model-adjusted standards as a point of departure, and often made adjustments to these national figures. These States may have done so because they inadequately understood the Department of Labor adjustment methodology, rather than because this methodology was inadequate.

Most States developed or are in the process of developing a summary Title IIA "performance index" or some other rules, such as those specifying that the SDA must meet a certain number of standards in order to qualify for incentive grants. Some States decided to weight incentive awards by the size of an SDA's Title IIA allocations. However, most apparently do not plan to weight 6 percent incentive awards by SDA size.

During the transition year the overwhelming majority of sample SDAs (90 percent) did not add to or modify the Title IIA standards specified by the State. The small number of SDAs reporting modifications tended to set numerical values stricter than the standards received from the States.

Almost 90 percent of sample SDAs met their adult cost per entered employment standard during the transition year; many SDAs substantially overperformed on this measure. However, almost 30 percent of the SDAs failed to meet their adult wage standard. Performance on the youth measures tended to be somewhat lower than on corresponding adult measures. Less than half of sample SDAs met their positive termination rate standard for youths. This is related to the lack of established youth competency systems and to transfers to summer youth programs, which did not qualify as positive terminations.

More than two-thirds of sample SDAs used performance-based contracting. Performance-based contracting is clearly increasing.

Few standards for Title III were specified during PY84; those that were set were almost always taken directly from Title IIA specifications. Only four of the twenty States had not implemented any performance standards for Title III by the summer of 1984. In two States, standards had not yet been established, while in the other two, the standards established had not been implemented. Sixteen States established PY84 entered employment rate standards for Title III. Most of these set standards at or only slightly above the 55 percent entered employment rate set for Title IIA.

1. INTRODUCTION

1.1 The Study

In passing the Job Training Partnership Act (JTPA), Congress sought to make certain changes in the structure of the federally supported employment and training system; these changes were intended to bring about several desirable outcomes. Shortly after the act was passed, the U.S. Department of Labor (DOL) contracted with Westat, Inc., to perform a two-year process analysis of the implementation of Titles I, IIA, and III of the act. This study is designed to assess whether the changes that Congress envisioned are taking place in the organization, administration, and operation of the program.

This volume reports the findings of a field network study of how the act is being implemented in a randomly selected sample of twenty States and in forty selected Service Delivery Areas (SDAs) within those States. The States were chosen to be representative by region and by size of the Title IIA and III allocations for transition year 1984 (TY84). The observation occurred from May to August 1984 and was designed to collect information on the transition year as well as plans for program year 1984 (PY84). This observation is the second phase of the process study.

Earlier Reports

In the first phase of this study, observations were made in the sample of twenty States during December 1983 and January 1984 and in twenty-two SDAs of the current sample of forty SDAs in February and March 1984. That phase of the research focused on early organization and implementation of JTPA at the State and SDA levels for both Titles IIA and III. The observation resulted in two reports.[1] Another part of the initial phase of the study was an investigation of the allocation of Title III funds and an inventory of all Title III projects funded with FY83, Emergency Jobs Bill (EJB), and TY84 funds in all fifty States.[2]

The third phase of the study, which will take place from May through August 1985, will cover full program year 1984 operations as well as plans for program year 1985.

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[1]Robert Cook, V. Lane Rawlins, Cilla Reesman, Kalman Rupp, Wayne Turnage and Associates, State Level Implementation of the Job Training Partnership Act, Office of Research and Evaluation, Employment and Training Administration, U.S. Department of Labor, June 1984.

Robert Cook, Cilla Reeseman, Kalman Rupp, Wayne Turnage and Associates, Early Service Delivery Area Implementation of Job Training Partnership Act, Office of Research and Evaluation, U.S. Department of Labor, June 1984.

[2]Wayne Turnage, Robert Cook, Ronna Cook and Associates, The Organization of Title III of the Job Training Partnership Act in Fifty States, Office of Research and Evaluation, Employment and Training Administration, U.S. Department of Labor, May 1984.

Key JTPA Elements

JTPA reflects a major shift in national employment and training policy and philosophy compared with its predecessor, the Comprehensive Employment and Training Act (CETA). Among other things, the new law gives State governments much greater authority and responsibility while narrowing the role of the Federal government; seeks to bring about an active partnership between government and the private sector; focuses JTPA activities on the training function; encourages closer coordination between employment and training service deliverers; and incorporates a major program of services for dislocated workers.

More State Control --JTPA transfers program management from the Federal level to the States, and provides maximum flexibility to State and local officials in designing and operating programs with their private-sector partners. Primary responsibility for administering job training grants is also delegated to States and Service Delivery Areas. Governors have much administrative authority that was formerly vested in the Federal government. JTPA assures that States have a major role in planning training programs by delegating to Governors the authority to:

- Establish the State Job Training Coordinating Council (SJTCC);

- Designate Service Delivery Areas (SDAs), approve locally developed plans, and distribute grant funds to localities based on formulas established in the act;

- Monitor local program performance, prescribe variations in performance standards based on special conditions in the State, and award incentive bonuses for exceeding goals (or take action, including sanctions, when performance fails to meet standards or remains poor); and

- Establish and administer a new statewide dislocated worker program, a discretionary older worker program, a coordination and special services program, and a State labor market information system.

Changed Federal Role -- The Federal government no longer manages the program. Instead, it has the more limited role of overseeing State operations. This oversight includes monitoring finances and performance, and evaluating the program's effects. For example, in carrying out its oversight role during the initial stages of JTPA, the Department of Labor focused on the Governors' discharge of responsibilities for monitoring local implementation of job training systems and plans. JTPA does call for a Federal role in establishing new program performance standards tied to overall JTPA goals and objectives.

Private-Sector Partnership -- Recognizing that training programs should respond to the needs of business and industry for a well-trained labor force, JTPA requires that each State establish an ongoing partnership with the private sector through the State Job Training Coordinating Council (SJTCC), and that each SDA do the same through the local Private Industry Council (PIC). Under CETA, PICs had primarily an advisory role, but now in each SDA the PIC and local elected officials jointly decide the respective policy and oversight roles each party will perform. Together, they also decide who will develop the SDA's training plan, and who the JTPA grant recipient and local administering entity will be (either or neither of which may be the PIC or local government). The training plans must be jointly approved by the PIC and local government and jointly submitted to the Governor for approval.

Focus on Training -- The primary focus of JTPA is on training, especially of the economically disadvantaged, and particularly youths, welfare recipients, and high school dropouts. JTPA is intended as a training program for increasing participants' skills and competencies so they may achieve economic independence, rather than as a vehicle to provide transfer income or subsidized employment. The law restricts payment of wages, stipends, and allowances to participants and eliminates public service employment as an allowable activity. Also, in order to assure that maximum funds are available for training, the law sharply limits amounts that can be spent on administration and participant support services.

__Closer Coordination Between Employment and Training Service Deliverers__ -- JTPA emphasizes closer coordination between job training, employment services, vocational education, and related State and locally administered services. These services are to be tailored to each State's perceptions of the specific needs of its population.

__A New Dislocated Workers' Program__ -- Recognizing that the U.S. economy is undergoing basic structural changes that result, in some cases, in mass layoffs and permanent job losses, Congress established, in Title III of JTPA, a comprehensive program directed toward meeting the needs of dislocated workers.

At least 75 percent of the amount available under this title is allotted by formula for State-administered programs; States must match this allotment dollar for dollar, except in areas of high unemployment. The programs may provide job search assistance, retraining, prelayoff, and relocation assistance.

In summary, within the framework of conditions and standards established by JTPA, State, local, and PIC officials are given maximum latitude in planning and structuring the new job training partnership. To allow States and localities to prepare for the significant changes, JTPA provided for a year of transition before the new programs began operating in October 1983.

Summary of the Provisions of Titles I, IIA, and III

JTPA Titles I and IIA

Title I of the act establishes the organizational and institutional structure for delivering job training services. Title IIA provides an open-ended authorization for the basic JTPA program for economically disadvantaged youths and adults.

Title I outlines flexible rules for the design of the service delivery system, which is based on Service Delivery Areas (SDAs), the sub-State level of the JTPA system. The process of designating SDAs involves the Governor, local governments, and business organizations. Requests to be a Service Delivery Area come from units of general local government with a population of 200,000 or more, consortia of contiguous units of local government serving a substantial portion of a labor market, and concentrated employment programs that operated in rural areas under CETA. After receiving proposals from the State Job Training Coordinating Council and reviewing comments from local government and business organizations, the Governor makes the final designation of SDAs.

Title I also creates a framework for establishing Private Industry Councils (PICs), which in partnership with local government provide policy guidance for SDA activities and oversee their operation. Based on agreements with the local elected officials, the PIC determines the procedures for developing the SDA's service plan. Private-sector representatives are to be a majority of the membership. The Governor has approval authority over locally developed plans, but disapproval of any job training plan may be appealed to the Secretary of Labor. Title I also creates a State Job Training Coordinating Council whose members are to be appointed by the Governor and whose plans and decisions are subject to approval by the Governor.

Section 106 of JTPA requires the Secretary of Labor to prescribe performance standards for Title IIA and Title III programs. The Title IIA standards are to be applied to the SDA. However, the Secretary's performance standards may be adjusted by the Governor to account for a number of differences among SDAs. The Title III standards apply to the State. No initial TY84 or PY84 performance standards have been established for Title III.

Title I incorporates provisions concerning the selection of service providers and limitations on certain costs.

For example, at least 70 percent of the funds available to a Service Delivery Area must be spent on administration. Title I also incorporates provisions concerning training programs for older individuals, State labor market information programs, various aspects of the allocation of funds, labor standards, monitoring, and recordkeeping.

Title IIA of JTPA authorizes a wide range of activities to prepare economically disadvantaged youths and adults for unsubsidized employment. Wide discretion is given to the local service delivery agents to target the program. The national eligibility rules are relatively broad. Economically disadvantaged status is the only general eligibility requirement, and even this is modified by a provision allowing up to 10 percent of participants in any SDA to be persons who are not economically disadvantaged. Title IIA also specified criteria for allocating funds among SDAs within a State, based on unemployment and numbers of economically disadvantaged persons. The law specified that a portion (22 percent) of the total grant be set aside for the State to allocate for special purposes: 8 percent for State education programs; 3 percent for older worker programs; 6 percent for performance incentives, and technical assistance; and 5 percent for State administration. Title IIA also specified that the job training plan may include provisions for exemplary youth programs.

JTPA Title III

Title III authorizes funds for programs that are targeted on dislocated workers. Both the targeting and the funding arrangements for Title III place great reliance on the Governors. And, while coordination and review provisions are included, the program options for design, organization, and administration under Title III are likely to add to the variety of JTPA models of State-local and public-private relations.

The basic allocation provisions for Title III authorize two types of funds. At least 75 percent of the Federal money is allocated among States by a formula with three elements: (1) relative number of unemployed, (2) relative number of unemployed in excess of 4.5 percent of the civilian labor force, and (3) relative number of long-term unemployed. The State must match this formula allocation dollar for dollar, but for each percentage point that the State's average unemployment rate exceeded the nationwide average in the prior fiscal year, the 50 percent matching requirement is reduced by 10 percent.

Up to 25 percent of Title III money is reserved by the Secretary for discretionary funding. Grants to States from the discretionary funds need not be matched, but must be applied for under a separate procedure.

Governors are allowed considerable latitude in defining which dislocated workers are eligible for the Title III program in their State. The clear intent of Congress, however, was to concentrate Title III services on experienced workers who have recently been laid off from jobs to which they are unlikely to return, rather than on persons who have just entered or re-entered the labor force. These provisions parallel the targeting of the Area Redevelopment Act of the early 1960s and the early period of the Manpower Demonstration Training Act from 1962 to 1967. The major difference lies in the Governor's latitude to shape the service programs and to distribute the funds among programs, services, and areas of the State.

The following three provisions explicitly limit this discretion:

1. Section 303 requires that Title III programs, other than Statewide or industrywide programs, must be submitted for review and recommendations by the PICs and elected officials of any SDA in which they operate. If local authorities do not support the program, but the State chooses to operate it nonetheless, the State must document the reasons for the decision.

2. Section 306 requires "full consultation" with labor organizations before any Title III program provides services to a substantial portion of its members.

3. Section 308 explicitly reiterates that the Statewide coordination plan mandated under Section 121 must address Title III activities.

The wide discretion allowed State decisionmakers may be illustrated by the issue of Title III allocation policy within the State. At one extreme, the State can choose to allocate all

Title III Federal formula funds to SDAs or units of government by some State formula, reserving to the State the responsibility of ensuring that the money is spent on allowable activities for eligible individuals. At the other extreme, the State may use its Title III allocation to fund a single-site project serving a narrowly defined target group of eligible persons. Between these two extremes lie a multitude of options for targeting by geographic areas, industry, or occupation.

1.2 Study Method

The Westat Process Study of the Implementation of JTPA is formally divided into a study of Titles I and IIA and a study of dislocated worker programs under Title III. However, these titles are closely related, at least at the State level. Therefore, the research plan for assessing JTPA implementation at the State and local level is as follows:

- The selection of an initial twenty-State sample and observation of the State-level implementation of Titles I, IIA and III. This observation took place in December 1983 and January 1984.

- Selection of an initial sample of twenty-two Service Delivery Areas within the twenty States for a preliminary observation of Titles I, IIA, and III implementation. This observation took place in January-March 1984.

- Selection of a sample of forty SDAs (to include the preliminary twenty-two) for observation, along with State-level operations, covering the entire transition year 1984 (October 1983 through June 1984). This report covers that observation.

- An observation of State and local Title I, IIA, and III programs covering program year 1984 (July 1984 through June 1985). This observation will cover the same States and SDAs. A report on this observation will be made in October 1985.

State Sample

Different JTPA titles set operational responsibility at different levels of government, but all States have Title III activities and responsibilities under Titles I and IIA. This fact supports the use of a common sample of States to study both titles. Using the common sample of States assures that the patterns of interrelationships among Title I/IIA and Title III State and local planning, coordination, decisionmaking and service delivery are observed.

A sample of twenty States was selected using a stratified random sampling procedure. The State sampling strategy was intended to provide representativeness by two major criteria: region and size. Given the relatively large sample size and stratification by these two variables, it was believed that this strategy would provide overall representativeness by all major variables of interest, while maintaining objectivity of the selection procedure.

Size has implications for the organizational environment of JTPA. Governments of larger States have agencies that are more specialized and complex in their operations. Also, a large State may have several dozen SDAs while a small State may have only one. The measure of size used in this study was the sum of allocations for Titles IIA, IIB, and III in transition year 1984 (October 1983 through June 1984). JTPA allocation formulas consider employment and the size of the economically disadvantaged population in the various States, so this sampling procedure also includes the size of the population in need of JTPA services in the various States.

Regional representation provides basic representativeness on a wide range of variables, related both to economic conditions and to the organizational context of JTPA. The sample design divides the continental United States into four regions (Northeast, South, Midwest, and West), and provides a representation of States by the combination of the two stratifying variables, size and region.

The selection of sample States was done in the following way:

1. For logistical reasons, territories and States outside the continental United States (Alaska, Hawaii, Puerto Rico, American Samoa, Guam, Northern Marianas, Trust Territories, and the Virgin Islands) were excluded from

consideration. The District of Columbia was also excluded because of its unique legal status; the initial phase of the study was concerned with State/local organizational arrangements. These exclusions resulted in a sampling frame of forty-eight States.

2. The forty-eight contiguous States were divided into four groups based on U.S. Department of Labor regions, on the assumption that the DOL regional structure has some administrative significance. The grouping was intended to divide the sampling frame into four groups roughly corresponding to the Northeast, Midwest, South, and West. The following groupings were obtained:

<u>Group 1 (Northeast)</u>

DOL Region I:	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
DOL Region II:	New Jersey, New York
DOL Region III:	Delaware, Maryland, Pennsylvania, Virginia, West Virginia

<u>Group 2 (South)</u>

DOL Region IV:	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee
DOL Region VI:	Arkansas, Louisiana, New Mexico, Oklahoma, Texas

<u>Group 3 (Midwest)</u>

DOL Region V:	Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin

Group 3 (Midwest) cont.

DOL Region VII: Iowa, Kansas, Missouri, Nebraska

Group 4 (West)

DOL Region VIII: Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming

DOL Region IX: Arizona, California, Nevada

DOL Region X: Idaho, Oregon, Washington

3. Using the measure of size explained above, the sixteen largest States were classified as "large," the next sixteen as "medium-sized," and the last sixteen as "small" States. Table 1-1 shows the ranking of States.[3]

4. Within each of the four regions, the largest State was selected with certainty (New York, Texas, Michigan, and California). Of the remaining States, one was selected randomly within each cell formed on the basis of the region and size variables. Each State within the given cell had an equal chance of being included in the sample. (In the group of large western States, only Washington remained after the selection of California as one of the four largest States. This led to the selection of the State of Washington with certainty.) Finally, in each region, an additional State was randomly selected within the size category containing the largest number of that region's States.

[3]Title III figures include only Federal allotments; the required nonfederal State match is excluded. The totals by State are shown in rank order in Table 1-1.

Table 1-1. Ranking of 48 States by TY84 JTPA Title II, IIB and Allotments to States

ALLOTMENT RANK	POPULATION RANK	STATE	TOTAL (Millions of Dollars)
1	1	California	294.370
2	2	New York	194.950
3	8	Michigan	160.847
4	6	Ohio	152.718
5	5	Illinois	147.707
6	4	Pennsylvania	144.609
7	3	Texas	119.272
8	7	Florida	95.992
9	9	New Jersey	81.560
10	12	Indiana	75.123
11	10	North Carolina	65.669
12	22	Alabama	65.317
13	17	Tennessee	63.630
14	20	Washington	59.323
15	11	Massachusetts	59.191
16	16	Wisconsin	56.302
17	19	Louisiana	55.069
18	13	Georgia	55.057
19	15	Missouri	52.777
20	23	Kentucky	49.513
21	14	Virginia	47.727
22	18	Maryland	44.143
23	24	South Carolina	42.546
24	30	Oregon	37.300
25	21	Minnesota	36.342
26	31	Mississippi	35.806
27	29	Arizona	31.871
28	27	Iowa	29.664
29	33	Arkansas	29.435
30	25	Connecticut	28.637
31	34	West Virginia	26.949
32	28	Colorado	25.062
33	26	Oklahoma	19.876
34	32	Kansas	16.038
35	37	New Mexico	15.851
36	36	Utah	13.064
37	38	Maine	12.208
38	39	Rhode Island	11.351
39	40	Idaho	11.322
40	35	Nebraska	10.400
41	42	Nevada	9.993
42	43	Montana	9.003
43	41	New Hampshire	7.479
44	46	Delaware	6.954
45	47	Vermont	6.707
46	44	South Dakota	6.682
47	45	North Dakota	6.660
48	48	Wyoming	6.647

Source: IIA; Employment and Training Reporter,
April 13, 1983, p. 948.
IIB, III: Employment and Training Reporter
April 27, 1983, p. 1020.

The resulting sample is presented in Table 1-2. This sample provides both variation by size within each major region and variation by region within each size category.

Table 1-2. Classification of sample States by size and region

	COMBINED FEDERAL REGIONS			
Size by TY84 Allocations	Group 1: Northeast (Boston New York, Philadelphia)	Group 2: South (Dallas Altanta)	Group 3: Midwest (Chicago Kansas City)	Group 4: West (Seattle, Denver, San Francisco)
LARGE	New York[1] Pennsylvania	Texas[1] Tennessee	Michigan[1] Illinois Wisconsin	California[1] Washington
MEDIUM	Connecticut	Georgia Kentucky	Missouri	Arizona
SMALL	Maine Delaware	Oklahoma	Kansas	Montana North Dakota

[1]Entered the sample with certainty.

For transition year 1984 and program year 1984, field observations were conducted in forty SDAs located within the sample States. A subset of these -- twenty-two SDAs -- was earlier selected for a preliminary analysis of the implementation of JTPA at the SDA level.

The sample of forty SDAs for this and the third observation was selected using the same criteria used to select the twenty States: region and size of allocation. However, in selecting the SDAs, we measured size according to the TY84 Title IIA allocation only, because most States do not use formulas in allocating Title III funds to the SDAs.

The method used to select SDAs differed from the way States were selected in another respect. The SDAs could not be divided into fairly neat thirds according to allocation size, as had the States, because Title IIA allocations are unevenly distributed among SDAs. A few large SDAs account for the top third of Title IIA funds, while a large number of small SDAs (two-thirds of all SDAs) take up the bottom third of Title IIA allocations. If the same procedure had been followed as in selecting the States, the sample of SDAs would have included practically all the large SDAs and a very large number of small SDAs. Instead, about half of the SDAs were selected from among the large SDAs and the other half from among the medium-sized and small SDAs. To the extent possible, stratification by region was also done.

A further rule was that each State have at least one SDA in the final sample. The ability to equalize the number of SDAs in each cell (of region by size) was constrained by the existence of single-SDA States in the sample. Consequently, the number of SDAs in each cell is not always equal. A final constraint was that when the twenty-two SDAs were selected for the earlier observation, planned allocations had to be used as the measure of size. Several SDAs in the earlier sample ended up in different size categories when actual allocations were used as the measure of size. The implication of this selection is that SDA results reported here should not be taken as proportionally representative of the universe of the SDAs. The final sample of SDAs for this observation is shown in Table 1-3.

The Field Associate Network

The primary element of the research design is the use of a Field Associate network for data collection and assessment of sampled States, SDAs, and Title III activities.[4] This network consists of a group of onsite observers able to

[4]For a discussion of the Field Associate Network see: V. Lane Rawlins and Richard P. Nathan, "The Field Network Evaluation Studies of Intergovernmental Grants: A Contrast With the Orthodox Economic Approach," American Economic Review Papers and Proceedings, May 8, 1982; Richard P. Nathan, "The Methodology for Field Network Evaluation Studies," in Studying Implementation: Methodological and Administrative Issues by Walter Williams and others (Chatham, N.J.: Chatham House, 1982).

collect consistent information, and to observe and assess the operation of the program in its State and local context. The Field Associates are professional economists or political scientists who teach or perform research in either universities or research institutions located in the study area. They are interested in employment and training programs and intergovernmental relations; many have nationally known reputations in the field. They are also familiar with the employment and training policy issues and funding arrangements at the national, State and local levels.

Table 1-3. Sample of Service Delivery Areas for JTPA Process Study, Phase 2

SDA Expenditure Level	Combined Federal Region: Northeast	South	Midwest	West
LARGE	Philadelphia, Pa. Hartford, Conn. Delaware Balance of Maine Lehigh Valley, Pa.	Harris Co., Tex. Bluegrass, Ky. Atlanta, Ga. Fayette-Shelby Cos., Tenn. Mid-Cumberland COG, Tenn. Memphis-Fayette Cos., Tenn.	Northwest Cook Co., Ill. Grand Rapids-Kent Co., Mich. Milwaukee, Wisc. St. Louis, Mo. SDA #6	Tacoma-Pierce, Wash. Los Angeles, Calif. Phoenix, Ariz. San Francisco, Calif. BOS Montana
MEDIUM	Lackawanna Co., Pa. Clinton-Hamilton, Cos., N.Y. Rochester, N.Y.	Tulsa, Okla. Northeast, Ga. Cameron Co., Texas	Johnson-Wyandotte, Cos., Kans. Muskegon-Oceana, Cos., Mich. Atchison-Washington Cos., Kans. Western Wisconsin	Pacific Mountain, Wash. Fargo Region, N.D.
SMALL	Danielson-Willimantic, Conn.	Job Training Northeast, Okla. North Central Kentucky, Area D	Columbia, Jefferson, Mo. Vermillion Co., Ill. Illinois Valley #21	Gila-Pinal, Ariz. Butte Co., Calif.

NOTE: BOS stands for balance of State -- that is, all parts of a State not served by other SDAs.

In a study of this type, the Field Associates make several rounds of assessment over a period of time, during which they keep in contact with the program in their State or area. Each round of assessment begins with a conference of the Field Associates. The central staff of the project brings to the conference an agenda of questions to be addressed in that round of the study. They also submit a draft report form for Associates to use in reporting their findings. This report form covers relevant issues and the kinds of data to be collected in the pursuit of those questions. The Field Associates bring to the conference their knowledge of the program at the local level and how the issues of national concern translate into policy questions of interest at that level. They are also aware of data sources available at the local program level and of the quality of that information.

During the conference, the draft report forms are revised as necessary to properly assess the primary issues of policy concern and to collect information that is consistent and usable for all jurisdictions. After the conference, a revised report form is produced and distributed to the Field Associates prior to the observation period for that round.[5]

The report form is <u>not</u> a survey instrument or interviewing protocol. Rather, the questions and requests for

[5]The report forms used for this phase of the study are shown as Appendixes B and C.

data are addressed to the Field Associate. The Associate must determine the best local sources for the information and data needed to provide the assessments, and for the corroborative data and documents required to complete the report form.

During the observation period of the study, the Field Associates are encouraged to stay in touch by phone with the central staff to discuss questions, problems, or unexpected issues. Members of the central staff also make field visits during this period, discussing the assessment with the Associates and accompanying them on their field work. This process provides valuable information and context to the central staff and helps them check on the consistency and validity of the information obtained in the report forms.

At the end of the observation period, the Field Associates send the completed report forms, with supporting documents, to the central staff. The information is then checked, coded, and analyzed. During this process the staff discuss any questions regarding this information with the Field Associates, who supply any clarification or additional information or data.

A summary report covering that round of the study is written by the central staff - often, as in the case of this report, in concert with a group of the Associates - and distributed to the Associates for their comments. On the basis of these comments, the draft is revised and submitted as one of the study reports.

Validity and Consistency in the Field Associate Method

Consistency and validity of the information returned to the central staff is assured in several ways. The first is the conference referred to earlier at which Associates and central staff agree on the questions in the report form, the kind of information required for the particular questions, the framework for the evaluation and the definitions of the specific concepts, and likely sources of information. Definitions of concepts and specific definitions of particular data items may be refined in conversations with the central staff as the round of the observation proceeds.

Consistency is further assured through the field visits by the central staff. After the report forms are returned, they are read and the data are checked by staff. Any questions that arise are discussed with the Field Associate who authored the report. This may result in checking on particular points by the Associate or collecting additional information. Validity of the information and data collected is enhanced by the backup documents that accompany the field reports. Consistency of the narrative information is checked against the data collected and against the staff's own knowledge of conditions in the site from field visits as well as ongoing communication with the Associates. Where data, such as participant record data, are collected as part of the observation, the staff participates in the data collection in at least one site. Central staff can assess the quality of data collected, clear up unanticipated exceptions in the definitions of the data elements collected, and gain experience that may benefit Associates in other jurisdictions. This process results in information that is valid and internally consistent both within and across sites.

1.3 Organization of the Report

This report covers a number of aspects of the implementation of JTPA, both Titles IIA and III. It is organized by topic rather than by State and SDA or by Title IIA or III. However, some topics are relevant primarily to the States or to Title III. The first part of the report (through Chapter 5) deals primarily with organizational issues and relations among the parties involved in the program. The latter chapters are more programmatic. The content is as follows:

Chapter 2 discusses State-level organization and decisionmaking with regard to JTPA, involving such questions as relations among the parties at the State level, designations of the SDAs, the State role in Title III, and the Title IIA set-asides.

Chapter 3 examines the nature of the relations between the State and the SDAs within the State. It covers such issues as regulation by the State, technical assistance, and SDA reaction to State handling of the nonformula parts of the program.

Chapter 4 discusses the organisation, major actors, and decisionmaking within the SDAs including roles of the various actors, relations between the PIC and the administrative entity, and the role of the Employment Service.

Chapter 5 examines the involvement of the private sector in the program at both the State and SDA level, how that involvement manifests itself, and the effects on program operation.

Chapter 6 is concerned with targeting of Title IIA and related set-asides both by the State and within the SDAs, as well as the characteristics of the participants in the program.

Chapter 7 examines the mix of services provided under Title IIA of the act, the role of stipends and allowances and program outcomes.

Chapter 8 is concerned with programs for youths. This includes the extent to which the youth expenditure requirement affected the programs and service mix, and the use of tryout employment or exemplary programs.

Chapter 9 discusses Title III of the act. It includes organization and allocation decisions by the State, the role of the SDAs in the Title III program, and the mix of services provided.

Chapter 10 examines the issues of performance standards -- the process used by the State to set, measure, and calculate performance. Other issues are whether the State altered or added to the standards, and the problems and processes involved in the performance standards system.

2. THE DYNAMICS OF STATE-LEVEL JTPA IMPLEMENTATION

State-level politics changed considerably during the transition year of the JTPA program. In many States, the roles of key sectors and agencies changed once the focus moved beyond start-up tasks to program implementation.

This chapter describes the changing roles of the Governor, State Job Training Coordinating Council (SJTCC), administering agency, Employment Service, other State agencies, legislature, and interest groups. It also discusses how these changes affected the politics of policymaking and how they may affect State JTPA programs during program year 1984.

2.1 The Changing Role of State-Level Actors

Among State-level actors, the greatest changes occurred in the involvement of Governors, the State Councils, State agencies, and the administering agency staffs. Changes often reflected the settlement of "turf wars" and subsequent pressure to "get the program rolling."

The Governors

At the time of observation during the transition year in winter 1984, Governors typically were taking an active role in structuring the JTPA program. In three-fourths of the sample States, Governors made key decisions on what State agency would administer JTPA, who would head this agency and fill other key posts, who would serve on the State Council, and how SDAs were to be structured.

By the end of the transition year, this involvement had decreased in all but two States. Governors were involved primarily through their appointees to the JTPA staff and State Council. The Governors had not lost their commitment to the program; they had gained confidence in the ability of their political appointees to run the program and look out for their political interests. Governors directly involved themselves only in situations where their appointees advised it politically. The following statements by Associates reflect this trend:

> The Governor appears to have great confidence in those who are charged with carrying out programs for him and prefers to . . . become personally involved when he is advised to do so for statutory and/or political reasons.

* * *

> The department in which JTPA is housed is one in which the Governor has the highest confidence;

its commissioner is one whom the Governor can trust to do his business without a great deal of input on his part.

In most cases, the Governors are primarily concerned that the program (1) not turn into a "bad CETA program" and (2) serve politically important groups and be consistent with programmatic priorities. The following are examples from Associates' reports:

> The primary concern of the JTPA staff is that JTPA must not become a source of embarrassment to the Governor.
>
> * * *
>
> The Governor remains interested in JTPA because the bulk of its beneficiaries are strong political supporters and because it is related to two of his key programmatic priorities -- economic development and education reform.

Clients are not the only political constituents served, however. In another State the Associate comments:

> The Governor considers JTPA to be an important program for the State. A primary reason is some political benefit he's getting from it.... JTPA was touted in his re-election campaign as another area in which the Governor had reduced government waste (re CETA) and increased efficiency, as being good for the business community, for attracting new employers, and as a good vehicle to get people off welfare. The Governor is, in short, using JTPA to appeal to his <u>conservative</u> constituency.

Some Governors also use JTPA to serve politically important groups and program priorities by controlling

Title IIA set-asides and Title III funds at the State level. Title IIA set-asides are often used to benefit educational groups, especially community colleges and vocational and technical schools. Title III funds are typically channeled to the private sector, especially industries and geographical areas most sharply hurt by high unemployment and plant closings. Perhaps the most representative example was the following:

> In this State, the Governor's influence [on JTPA] is most clearly seen in the allocation of the 8 percent education set-aside, and the decision to allocate virtually all Title III funds to community college-based dislocated worker centers. The PY84 State Service Plan emphasizes the importance of linking training and economic development. The Governor actively supports a strong economic development role for community colleges.

Some Governors also try to use their control over JTPA to further their economic development goals by encouraging other State agencies to coordinate their activities with JTPA. This type of effort is discussed in detail in Chapter 5.

In PY84, Governors will probably continue to play indirect roles in JTPA except where their political or programmatic priorities are threatened by other actors, such as the legislature or the State Council, or where liability issues or scandals emerge.

The State Job Training Coordinating Councils

State Councils generally played a predominantly advisory role in TY84 because the program was new, most Council members were inexperienced, and it was necessary to "cover a lot of ground in a hurry." By early PY84, however, there were signs in eight States that State Councils were assuming policymaking and oversight roles. In one State, the Associate reported:

> When the transition year plan was drawn up, the Council had little experience and had not really defined its own function. It now appears to be getting more of a handle on its role as a policy development body.

But in most States, the Council remains dependent on the State administrative staff:

> The SJTCC has provided leadership and advice on policy and implementation. However, the SJTCC "advises and sanctions" work necessary for implementation of program goals and objectives initiated by the State staff. The relationship between the SJTCC and State staff seems to be carefully managed so as to prevent any tests of power or authority.

At least three State Councils have created independent staffs as a way of separating from the State staff.

In several States, the Council's role has depended on how close the Governor is to his or her Council appointees. One Associate notes:

> The State Council's role is impossible to differentiate from the Governor's role. This reflects the strong personality of the chair and his very close ties to the Governor. In terms of visible decisions, the State Council has been primary. If the Governor is not making those decisions himself, he is certainly using the chair as one of his most intimate advisors.

The closeness of fit between the Council role and the wishes of the Governor is also reflected in the fact that in these States, Governors rarely rejected recommendations from the Council.

This closeness of fit between the Governor and the Council is not always viewed positively, however. In one State, some members feel the State Council has become passive and unenthusiastic about the program "because it serves to rubber stamp the Governor's plan."

Maintaining Council members' interest in JTPA will be critical in PY84. Nearly half the States identified high turnover and poor attendance, particularly of legislative members, as a problem. Reasons ranged from "overload" -- the need to put in more time than Council appointees had anticipated -- to "underload" -- the need to rely on staff recommendations, which often leads to hasty, reactive decisions and frustration.

The problem of "overload" was described by one Associate in the following statement:

> The major complaint of the Council was that they get too much information. The State staff sends absolutely everything to the Council and buries them in paperwork.

The problem of "underload" is reflected in the comments of another Associate:

> Little information is given to Council members in advance, and major activities such as the plans are given cursory review before they are approved en masse.

Another reason some Council members are discontented with their role may be increasing cross-pressure from SDAs, community-based organizations, and State-level personnel. On one side, SDA administrators and PIC representatives, either individually or through State associations, complained that they were largely ignored by "unrepresentative State Councils" early in the transition year. On the other side, community-based organizations have increasingly seen the State Council as a friendlier forum than local PICs.

A potentially troublesome trend is that as State Council members resigned during the transition year, some were replaced by less prestigious, less powerful persons, particularly among private-sector representatives. A fairly typical comment was:

> The Council membership has continued to diminish in its stature. Major industries are just not represented. Even the State agencies are not represented by the agency heads, but by third-level go-to-meetings types.

In summary, State Councils are exercising more control over the direction and content of the JTPA program as they shift to policymaking and oversight roles. The challenge is to sustain Council members' interest and involvement. For this to happen, other State-level actors, such as the State administrative staff, must give Council members enough information to exercise a policymaking role without swamping them in administrative detail.

The State Administrative Entity

The role of the State administrative entity changed as top-level State JTPA administrators gained confidence in the workability of the SDA structure and the State Council decisionmaking process, the cooperation of other State agencies, and the abilities of their own staff.

Initially, State JTPA administrators played key roles in State-level decisions about SDA formation and methods of allocating funds. In some States, the staff advised the Governor; in others, the Governor had the lead role. Regardless of the role, the State staff was, and remains, sensitive to the political consequences of the program for the Governor and their agency. For example, the need to distinguish JTPA from CETA persists and influences policy decisions in almost every State.

Major responsibility for formulating the transition year State Service Plan naturally fell to the State JTPA staff. But so did responsibility for developing administrative structures and procedures at State and local levels. Consequently, the JTPA staff had to play the lead policymaking and administrative roles. At the same time, they had to educate local SDA staffs and PIC members, State Council members, and other State agency personnel about JTPA. This technical assistance role intensified during the transition year as SDAs increasingly asked for help, especially in designing management information and fiscal accounting systems.

A major decision made by some State JTPA agencies during the transition year was whether to "become the new regional DOL office" by making rigid procedural rules, regulations, and interpretations for SDAs or to "offer little such guidance to SDAs in the spirit of the act." The liability issue was closely intertwined with this decision. From a State that decided to take a strong role in controlling the Title IIA program in the SDAs, the Associate reported:

> The State is becoming the new "Federal regional office," primarily because it has taken the responsibility for providing interpretations of the Federal JTPA regulations. From the SDA's point of view, this is both good and bad. It is good in the sense that the State is accepting the liability for those determinations. However, the cost to the SDAs is clear. First, the State is not giving SDAs as much autonomy as it could. The feeling is that if they are going to accept liability for the interpretation of the Federal legislation, they are going to insist on "process authority." This they are exercising vigilantly. This upsets the SDAs since it imposes procedural burdens and paperwork and diminishes what many SDAs feel to be JTPA-mandated SDA/PIC autonomy.

From another Associate in a State that has decided against the rule-making role:

> SDA administrators complained about the lack of clear-cut directives from the State regarding allowable expenditures -- eligibility determination, monitoring, audit requirements, liability issues, etc. This will probably continue because State officials are trying hard to avoid establishing State financial liability. In the opinion of one audit official, "If the State is running the program, audit exceptions will accrue to the State. Therefore, we're careful about putting something out as 'State policy' and prefer to tell SDAs to document the rationale for every decision in anticipation of audits by DOL or the General Accounting Office down the line."

The initial dominant role played by the State JTPA staff often led to an adversarial relationship between them and the SDAs, as will be discussed in more detail in Chapter 3. There is evidence that this adversarial relationship changed as the State staff's role shifted toward providing technical assistance. As one Associate noted:

> The adversarial relationship between the State and the SDAs was replaced by a greater sense of give-and-take as both groups became accustomed to the new relationship and cognizant of the need for cooperation in order for the program to succeed.

However, several Associates speculate this cooperative trend may be somewhat reversed in PY84 as the State staff plays a more important role in the monitoring and evaluation process.

Other State Agencies

The role of other State agencies such as the Employment Service and departments of education, social services, and aging tended to shift from that of "competitor" (of the administrative entity) to "team player." The role change was often initiated by the Governor. Once it was decided which State agency would be the home department for JTPA, the "losers" began to come around, especially as they recognized JTPA as a new source of revenue. This was particularly true of the Employment Service.

The Employment Service. The Employment Service was selected as the State JTPA administrative entity in only three sample States. Even though amendments to the Wagner-Peyser Act allowed the Governor to control the State Employment Service more than before, most Governors chose to exercise only limited "control." Some ordered minor reorganizations or removed "uncooperative" Employment Service directors. Some designated the Employment Service as the primary recipient of the Governor's 10 percent discretionary funds, sometimes in an effort to "co-opt" Employment Service personnel at both State and local levels. It allowed the Employment Service to restore positions previously lost, or in danger of being lost, due to other cuts in Federal funds.

The strategies of using Wagner-Peyser to eliminate uncooperative Employment Service administrators or to encourage cooperation between the Employment Service and JTPA are summarized by these Associate comments:

> After a slight reorganization within the home department (housing both Employment Service and JTPA divisions), the top two officials in charge of the Employment Service were removed by the Governor. They were replaced by individuals who have proven to be much more cooperative and less concerned about questions of turf. The previous Employment Service head was a long-time Employment Service person who was very concerned about maintaining the autonomy of the organization rather than cooperating with JTPA personnel.

* * *

> Employment Service is being encouraged by the new gubernatorial administration to take a more active role in JTPA locally. The predominant view is that this is necessary to acquire funds for Employment Service services to make up for recent losses of other sources of revenue.

In summary, the Employment Service was a service provider, not a policy maker, in most State JTPA programs during the transition year. Its only direct policymaking role was generally through the Employment Service representative on the State Council. However, it will probably play a stronger policymaking role in PY84 as it becomes increasingly involved in intake, eligibility determination, and participant followup. State and SDA decisions to subcontract with the Employment Service for these services are, of course, tied up with the liability issue.

Other State Agencies. Like the Employment Service, other State agencies often provided services during the transition year. Funding came largely from set-asides, which explains the involvement of State education, social service, and aging agencies. These agencies played a stronger policymaking role than the Employment Service in forming both transition year and PY84 State plans. They often recommended allocation strategies later adopted by the State Council and approved by the Governor. (The role of these agencies in determining the use of set-asides is discussed later in this chapter.)

In some cases, a State agency's decision to recommend spreading of set-aside money to SDAs through formulas reflected pressures from the agency's local client groups. For example, community colleges sometimes asked State education departments to help obtain assured funds, and area agencies on aging sought similar help from State departments of aging. These other State agencies also stimulated interest and cooperation at the SDA level, especially where they were primarily conduits for funding.

The State Legislature

State legislators were never as involved in JTPA as the key executive actors or the private sector, and during the transition year their involvement diminished. In the early part of the transition year, most legislatures did no more than authorize legislation and revise rules in other State programs, such as unemployment insurance and AFDC, that might deter participation in the JTPA program.

Only a few legislatures appropriated State funds to supplement Federal JTPA funds, usually to cover the required State match for Title III. Likewise, in only a few States were legislative committees assigned oversight responsibility for JTPA. These committees were generally inactive during TY84 but will probably play a bigger role in PY84, once performance statistics are released or audit exceptions appear. Some legislators may become more involved for political reasons, -- if the Governor appears vulnerable through the program, or the State's finances are harmed by liability for disallowed costs.

As noted earlier, participation of legislators on the State Council is poor in most States. With few exceptions, their attendance and intensity of involvement is the worst of any group, public or private. Associates' assessments of the level of legislative involvement range from total noninvolvement to limited or diminished involvement:

> The legislature has never involved itself with JTPA. Whereas all legislators knew of CETA, very few know what JTPA stands for.
>
> * * *
>
> The legislature is involved to the extent that the chair of one PIC is a State senator and the legislature has seen fit to fund a dislocated worker program and a displaced homemaker program. However, the legislature

has not been involved in plan reviews, oversights, or other more overt activities.

* * *

Legislative interest waned somewhat during the 1984 session. The local pressures that funded, in part, the creation and early work of the joint committee have diminished now that the issue of SDA designation has been effectively closed.

Interest Groups

Intense pressure from local constituency groups obviously affects the level of individual legislators' involvement in JTPA. Interest groups lobbied hard at the State level on such issues as designating significant segments and target populations, adopting performance measures and weights attached to them, and State set-asides.

The interest groups that tried to influence policy during the transition year were (1) minority groups; (2) traditional employment and training service providers, such as community-based organizations, community colleges, and vocational and technical schools; (3) new claimants, including groups representing women, the aged, and the handicapped; and

(4) SDA administrators and PIC members. The relative success of these groups was contingent upon the strength of their "sponsors" at the State level -- the Governor, State staff, or State Council. According to the Associates' reports, these groups can be expected to monitor program performance while continuing to scramble and compete for JTPA funds.

2.2 The Politics of Policymaking

The dynamics of change among key actors become more visible when their effects on key JTPA issues are examined. We next consider three program areas where conflicting values affected the decisionmaking process during TY84: SDA designations, Title IIA set-asides, and Title III allocations.

Two broad sets of competing claims cut across all three areas. One set of claims is for the centrality of State priorities. Such claims lay behind proposals to coordinate SDA with other service delivery boundaries, to promote services to the hard-to-serve, and to use a State-directed competitive process for targeting funds. The other set of claims is for the primacy of SDA goals, and is seen in proposals to distribute Title IIA set-aside and Title III funds to SDAs by formula, and to give PICs and SDAs discretion in deciding how to use and administer these funds.

SDA Designations

The designation of Service Delivery Areas was one of the first policy issues considered by the States in implementing JTPA. These basic geographical units designated for planning and delivering job training services were neither straightforward nor free from politics. Rather, the process involved choosing between two rival ways to delineate SDA boundaries.

One, advanced by State-level officials, was to draw SDA boundaries to conform to planning, education, economic development, or Employment Service frameworks -- that is, "rationalizing" SDA and other State service boundaries. The other, advanced by local governments, maximized local preferences. For CETA prime sponsors, in particular, the goal was to retain prime sponsor boundaries intact. (Slightly more than half were successful.) For other local governments with populations of at least 200,000, the goal was independent SDA status.

Governors set the tone for State government involvement in SDA delineations. Three distinct approaches were adopted by Governors in the sample States:

- An active posture promoting a centrally determined plan for SDA designations;

- A broker role, mediating conflicts among local contenders for SDA status; or

- A passive or reactive role to local decisions.

The sample States were divided almost evenly among these three categories. Governors of small, rural States often adopted the active role; those of medium and large, more heavily urbanized States commonly adopted broker or deferential postures. The importance of this urban/rural distinction is not surprising. As noted in our first report, "In general, the larger the State, the greater the proportion of former prime sponsors able to resist any change." Broker or deferential roles were viewed as more politically expedient for Governors of larger States.

<u>Active Role</u>. In one small State, the Associate indicated that "dividing the State into a large number of SDAs didn't make any sense, as it would be inconsistent with the Governor's ideas of a compact, centralized administrative structure." In another small, rural State, the Governor, "pressed by the Business Council to form a single SDA for the entire State," prevailed in this outcome. The Associate explains that three subunits seeking separate SDA status found it necessary to "go along with the Governor to get the high

caliber of private-sector representation on the State Council that he sought."

The Governor of a large State actively promoted the configuration of SDAs along State planning region lines, as proposed by the State employment and training department staff. He found, however, that he had no legal recourse but to grant SDA status to governments of jurisdictions with populations of 200,000 or more. As a result, only 60 percent of his originally proposed SDAs were designated as such.

Broker Role. For Governors adopting the broker role, the following process was typical:

> Requests for SDA designation were placed in two stacks: the "automatics" and the problem cases. The former generally consisted of stable CETA prime sponsor areas; the latter were generally in the more rural, sparsely populated counties which had either been balance of State regions or "special circumstances" prime sponsors, and did not have sufficient administrative capacity to manage a full JTPA program. What followed was a very intensive period of political bargaining among the entities involved, with State agency staff acting as the political broker.

Deferential Role. The prevailing approach in the remaining States was, in the words of one Associate, "to let the preferences bubble up from the local areas to be certified at the State level." The Governor of one medium-sized State, for example, decided to "take a hands-off policy with regard to boundary decisions for the new SDAs." Thus his employment and training division -- even though it had developed an SDA plan reflecting labor market characteristics -- had to soft-pedal that plan and instead facilitate the process. The resulting SDA makeup, according to the Associate, reflects the lack of any central pressure. One SDA is composed of counties sprawling far to the north and the south. "Indian reservations, unemployed millworkers and loggers, college students, Hispanics, and wealthy wheat farmers are all lumped in one sweet package."

Regardless of the Governor's approach to designating SDAs, the process was time consuming and, in some States, fraught with tension between State and local governments. Once the process ended, however, there was little evidence of lingering conflict. The medium-sized State described above was the lone sample State where a challenge to the Governor's decisions continued; the arena for conflict resolution, however, shifted to the courts during TY84.

Transition Year Activity. Following SDA designations, State efforts to "rationalize" SDA and other State service delivery boundaries continued in seven States. All efforts involved reconfiguring Employment Service boundaries to conform to the newly established SDAs. The Associate in one small, rural State indicated that the "driving motivation was Employment Service budget cuts, which forced the State to consider closing Employment Service offices unless it could find more economical ways of housing the staffs." In another small State, the "perceived need for unified service areas in welfare, unemployment insurance, job search, and job training" caused the reconfiguration.

It is not clear whether States will continue efforts to redraw Employment Service or other service boundaries to conform with SDAs. The deciding factor may be how important JTPA is compared to other State services and funding sources. The Associate in one large State noted, "JTPA is not that big a deal in the entire context of State services -- particularly since Title III funds flow outside the SDA network." The Associate in another large State, in contrast, expects that integration of service delivery boundaries will take place, as "job training, community development, and economic development programs are seen increasingly to serve the same areas and clientele."

Future Issues. Governors are permitted by law to redesignate SDAs "no more frequently than every two years."[1] Thus the viability of SDAS delineated at the start of the transition year will be scrutinized during PY84.

Redesignation decisions in early PY85 may well be linked to allocations of 6 percent incentive set-asides under Title IIA, described in the next section. SDAs meeting or exceeding performance standards may have a strong claim on

[1]JTPA; Title I, Section 101(c).

continued designation. But some Governors may award incentive funds to assist future performance, not just to reward past performance. Where this occurs, even SDAs whose performance did not meet early expectations may remain intact.

Title IIA Set-Asides

A total of 22 percent of the Title IIA funds is set aside for four separate purposes:

- 8 percent to coordinate State vocational education programs;
- 6 percent to SDAs for incentive grants for exceeding performance standards or for technical assistance;
- 3 percent for older worker programs;
- 5 percent for State administrative purposes.

Numerous arrangements to administer and distribute the set-aside funds during TY84 are described in the report on the earlier round of the study; the variety indicates that Governors were indeed exercising the considerable discretion permitted them under the law. Changes in some arrangements for PY84 reveal continued discretion. This time, however, the Governors were responding to demands for change at both State and local levels.

Revisions were concentrated in the distribution of the 6 percent incentive grants and the 8 percent vocational

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education funds. Few States changed the older worker or administrative set-aside arrangements.

The Incentive Grant Set-Aside. Fewer than one-quarter of the sample States used the 6 percent set-aside funds for incentive payments during the transition year. Most States felt there was insufficient information on which to reward performance during TY84. In contrast, eighteen of the twenty sample States plan to award such grants in PY84, basing them on SDA performance in the transition year. The two remaining States will defer awards until PY85.

Political considerations underlay decisions on what factors to use to measure and reward performance. Two bases for distributing the funds were contemplated by agency officials and Council members at the State level: (1) meeting or exceeding State-prescribed standards, and (2) meeting or exceeding standards for the hard-to-serve. (See Chapter 10 for a discussion of performance measures adopted by the States.)

Advocates for special groups argued for including a hard-to-serve criterion. Typically, organizations representing welfare recipients, the handicapped, ex-offenders, at-risk youths, and displaced homemakers, together with their "sponsor" State agencies -- social services, education, and youth departments -- were involved. Both sets of actors contended that a hard-to-serve factor for rewarding performance would have two salutary effects: It would encourage SDAs to serve those groups who are typically harder to place, and it would discourage them from "creaming."

These advocates for the hard-to-serve were largely successful; all States that planned to allocate incentive funds during PY84 used both performance measures and hard-to-serve standards. Administering agency officials in most States viewed the two as separate and distinct bases for rewarding performance -- thereby enlarging the pool of potentially eligible SDAs. In one State, however, the two factors were linked, with possible negative consequences for rural SDAs:

> Of the 6 percent funds for incentive awards, 50 percent are for meeting or exceeding performance standards, 40 percent are for meeting or exceeding standards established for the hard-to-serve population, and 10 percent are for a bonus pool for exceptional SDAs exceeding performance standards.
>
> SDAs must have qualified to receive the 50 percent of these funds in order to be considered eligible for the 40 percent portion.
>
> One likely result of these rules is that rural SDAs will have more trouble than urban SDAs in qualifying for awards. Rural SDAs have complained that their total pool of potential participants is smaller and the job opportunities are more limited. As this will be the first year of sanctions for not meeting standards, it could be a real test period for the smaller SDAs.

<u>The Vocational Education Set-Aside</u>. Nine sample States changed their administration of the vocational education set-aside for PY84. The changes reflected the resolution of

competing tugs between State educational agencies and local SDAs over the uses of the funds.

Three States increased their control over these funds. The Department of Education in one State successfully advocated shifting from a formula basis in TY84 to a discretionary basis in PY84 for allocating the 80 percent of the funds mandated in the law for eligible participants. The Associate contends that the change will not only allow the Education Department to target funds to meet State-determined priorities, but will also broaden the pool of potential service providers.

A second State strengthened the emphasis on the 8 percent funds as "the Governor's money -- to further his economic development and disadvantaged youth employment objectives."

> The vocational education program description sheets, which were reviewed by the State Council's Retraining for Employment Committee, are explicit in identifying programs as carrying out the Governor's policies, and the Governor's staff was there to advance them. This was a definite change from the TY84 process.

In the third State, the funds were still allocated by formula to vocational education districts, but the State vocational education agency required the districts to apply for PY84 funds. During the transition year, the agency had simply distributed the funds on a formula basis -- a procedure criticized by the State Council for its lack of accountability.

The SDA role was strengthened in the remaining States where changes in the 8 percent set-aside arrangements occurred between the transition and first program years. SDAs successfully advocated more direct involvement in planning and administering the vocational education funds. These points are separately illustrated in the following excerpts:

> During TY84, RFPs were sent directly to local education agencies (LEAs) from the State Education Department (SED). LEA proposals were submitted to SED without prior SDA review. As a consequence, SDAs were frequently unaware of the status and content of proposals and subsequently funded grants. Changes for PY84 were established to provide for a more efficient and timely allocation of the 8 percent funds. SDAs must now sign off on all proposals.

> In a large eastern State:

> During the TY, the State Education Department (SED) contracted directly with local educational service providers, effectively bypassing the SDAs. . . . That has changed in PY84, apparently as a result of demands by SDAs that they incorporate the education set-aside funds into their total planning and administrative efforts. In PY84 the SDAs serve as the local contractors for service delivery, and they also benefit from the available administrative funds. . . . This procedural change, which means that the SDAs administer the 8 percent grants after SED decides who will get them, reduces SED's control.

<u>The Older Worker Set-Aside</u>. Competing claims for State or SDA control were also present, to a lesser extent, in the older worker funds. Two States changed from a formula-based

distribution approach, "spreading the funds," to a competitive, "targeting" process. Two others changed from "targeting" to "spreading," that is, from a statewide RFP process to a formula for distributing funds to SDAs.

Although these shifts occurred in only four States, the reasons for their occurrence may apply more widely in future years. From the perspective of State agencies, targeting allows for coordination of JTPA funds to implement selected State priorities. For example, in one State that redesignated both older worker and vocational education funds in PY84 as statewide discretionary money for which SDAs and other agencies can compete, four educational and two older worker priorities were defined by the respective State administering agencies.

Targeting also has advocates at the SDA level, particularly when the set-asides distributed by formula are small. The Department of Aging in one State administered the older worker funds in PY84 at the SDA's request:

> The change was made because the amounts allocated were too small in TY84 and the SDAs did not want them. They are not spending them and have found that specialized staff are required for aging funds and they do not want to have staff specialize for such small amounts.

SDAs sometimes favor "spreading" approaches for the set-aside funds, however, when the allocation formula provides programmatic and administrative benefits. The four States that retained the TY84 formula basis for distributing older worker funds are large; their urban SDAs, in particular, welcomed the opportunity to integrate these set-asides with other JTPA funds -- even though they had to apply to the State administering agency for the preallocated amounts.

Future Issues. Will there be more changes in distributions of set-asides? The answer probably depends on three factors: the timeliness with which the funds are spent in PY84; the satisfaction of client groups; and the role of the State Councils.

Speedy expenditure rates seem to argue for continuing present allocation schemes; slow rates, for change. Minority groups; traditional employment and training service providers; and womens' groups, the aged, and the handicapped can be expected to scrutinize the uses and beneficiaries of set-asides in TY84 and PY84 -- and to advocate changes to benefit their clients. Finally, many State Councils, as noted earlier in the chapter, are exercising more control over the direction and content of the JTPA program, and may stress greater administrative and programmatic coordination of set-asides with other JTPA funds. This may or may not be translated into initiatives for more State-level control over set-aside funds.

Title III

Among the many tasks that State JTPA agencies had to perform during the transition year -- developing funding mechanisms, providing guidance to SDAs, and monitoring implementation -- the task presenting the largest number of difficult problems was setting up Title III programs for dislocated workers.

Title III problems were both procedural and political. Delays in program implementation were frequently explained by the greater emphasis on Titles I and IIA in the States, Title III procedural requirements, the newness of the program, the "rather modest allocation for establishing a dislocated worker program,"[2] and the matching requirement. Major changes in

[2] Robert Cook, V. Lane Rawlins, Cilla Reesman, Kalman Rupp, Wayne Turnage and Associates, State Level Implementation of the Job Training Partnership Act, Office of Research and Evaluation, Employment and Training Administration, U.S. Department of Labor, June 1984, pp. 4-31.

Title III programs in six sample States for PY84, however, reveal that many so-called procedural problems reflected political concerns.

Allocation Strategy Changes. Major Title III changes for PY84 all involved allocation strategies. One State shifted from State-level determinations of projects and amounts to distributing the funds by formula to SDAs. Two shifted toward State centralization. One kept the formula allocation but designated new eligible local units, while another maintained a centralized RFP strategy but reconstituted the State decisionmaking entity.

States that shifted allocation strategies toward formula funding were responding to local concerns. One Associate indicates that while several "technical" reasons were given, the major reason may have been political.

> Some Council members argued that, in keeping with the philosophy of placing responsibility for the program at the SDA level, (1) the formula scheme more adequately meets such an objective than an RFP process; (2) SDA two-year plans can be more consistent in dealing with ongoing projects; and (3) funds can be allocated more rapidly at the start of the program year based on SDA plans.
>
> While these may have been some of the more "technical" arguments, the overriding reasons for the change may have been to ensure that rural, less urbanized (and less experienced in the RFP process) SDAs received Title III funds.

SDAs in a large, southern State were dissatisfied with results of the allocation process in the transition year:

> When the State office discussed formula funding Title III to SDAs in the transition year, most SDAs did not want the funds, but preferred to concentrate on getting Title IIA programs underway. However, when SDAs later became aware that Title III projects conflicted with their own Title IIA OJT efforts, they argued for a change to a formula-based strategy. [Under the PY84 allocation strategy] SDAs recommend to the State projects within their SDA to be funded. No money is given to the SDAs. In effect, proposals are submitted to the SDAs.... The projects are then submitted by the SDAs to the [State's DOL] who contracts with the organization which submitted the proposal to the SDA....

SDAs are now more capable of establishing administrative units. As a result more SDAs are designated to distribute Title III funds. In a large, eastern State:

> Title III transition year funds were allocated by formula to <u>counties</u>, with the decisionmaking prerogative retained by the State Department of Labor. IN PY84, Title III funds will be distributed to <u>SDAs</u>, with decisionmaking responsibilities still at the State level. The explanation for the change from counties to SDAs as the unit of formula determination:
>
> 1. SDAs were not in place when the State legislature enacted the Title III enabling legislation for TY84.
>
> 2. A county-based scheme was viewed favorably by counties expecting to be multi-county consortia.
>
> 3. By 1984, the SDA system was fully in place and perceived as the legitimate basis for all

JTPA funding. (Some counties, however, did press unsuccessfully for retention of the transition year system.)

Just as SDAs spurred shifts toward decentralized allocation strategies, changes in the opposite direction were typically initiated by State agencies. The following excerpt describes the critical role of the State Labor Department staff in a small, midwestern State in influencing change toward State centralization:

> During the transition year, 75 percent of the funds were allocated to SDAs on a formula basis and 25 percent were retained at the State level. All funds were obligated at the State level through an RFP system.
>
> For PY84 the State Council initially voted to allocate the funds in the same way as in TY84. The State staff had recommended that all funds be kept at the State level, but this was overturned by the State Council for the same reasons given in the transition year, i.e., JTPA is to be a local program. The State staff's view was that SDAs did not use the funds effectively during the transition year and therefore the funds should be kept at the State level.
>
> The staff then developed a new proposal to the Council that would retain 100 percent of Title III funds at the State level. This time, the staff worked closely with the Dislocated Worker Committee of the State Council, and final approval for this change was attained.

Change in the Title III decisionmaking unit in a small, eastern State was motivated by a desire for better response to older workers' training needs. The State Council made Title III awards in TY84, but for PY84 this responsibility was given to an interagency committee. The Associate reported that the purpose was "to speed up the decisionmaking process and, hence, the flow of funds to older workers who are victims of plant closings that cannot be predicted very far in advance."

2.3 Summary

Under Title IIA, SDAs have significant program and administrative responsibilities and they are provided in the legislation with a formula-based funding passthrough from the State to meet them. However, Title III has developed as very much a State program. Yet even in Title III, State and local priorities have competing claims. The issues of targeting versus spreading, as well as State control, seem to dominate the discussion of Title III allocations. The issue of centralization versus decentralization is also evident in the handling of the set-aside funds. Should these funds be used to support "State" programs or provided to the SDAs to "purchase services" for particular groups? Finally, political uncertainties still exist at the State and SDA level about whether JTPA is heading in a "welfare" or an "economic development" direction in PY84 and PY85. Some examples of these pushes and pulls are evident in the following chapter which examines State-SDA relations. As JTPA ages, and as both States and SDAs gain greater confidence in program management, this dynamic competition can be expected to continue across the entire JTPA program.

3. STATE-SDA RELATIONS

The nature of State governmental relations with SDAs under JTPA varied with the desires and perceptions of the Governors and their principal aides in 1983. This chapter discusses the Governors' apparent goals in attempting to develop the type of State/sub-State relationship they wanted under JTPA. Several questions can be asked: Did the States try to use the new power available to them under the program to maintain and expand their roles in the employment and training system? Did the New Federalism ideas embodied in JTPA stop at the State level? Or, did the States devolve power over JTPA program content to the SDAs?

3.1 Types of State-SDA Relations

In the early stages of program implementation during calendar year 1983, the States seemed to fall into three main groups in terms of State-SDA relations.

In the first group, the Governor regarded JTPA as an opportunity to reform the entire employment and training system. In these cases, the Governor tended to centralize the job training function, either in his or her office or a single cabinet department. At the same time, that effort usually led to significant decentralizing of authority to the SDAs and their PICs. Governors perceived that a "partnership" should develop under this program between State and sub-State entities.

In a second group of States, the Governors were also actively involved in implementing the JTPA program, but for somewhat different reasons. Here the Governor was less concerned with building an administrative partnership than with attaining specific political or policy goals that required a substantial centralization of authority at the State level. The goals ranged from setting up statewide economic development programs to distributing political rewards to specific groups. In some States, the traditional centralization of State politics made it difficult to fashion a partnership between the State and SDAs.

In a third group of States, the Governors tended not to be actively involved in early implementation of JTPA. Here the arrangements that had prevailed under CETA and the balance between State agency and local responsibilities remained largely unchanged. However, the absence of political leadership at the Governor's level seemed to make that balance unstable, at least as of the beginning of 1984.

As an example of the first group of States, early in the development of JTPA the Governor in one State decided that "the responsibility for implementation of programs such as JTPA should be at the local level in order to meet and be responsive to local requirements and needs," in the words of the Field Associate. The Governor made two early decisions. First, he gave responsibility to the Department of Labor, so that it could integrate JTPA with other employment and training programs and establish a working relationship with local actors. Second, he became actively involved in selecting the members of the State Council. Because small business had supported him in his campaign, representatives from this group tended to be selected for the Council. When disputes between the Department of Labor and the Council occurred over the number of SDAs, the Governor usually sided with the Council, which, in turn, tended to reflect local concerns.

In another State, the Governor actively encouraged a State/local partnership at the inception of JTPA; it was reported that the Governor saw JTPA primarily as a tool for economic development. He concurred in a Council recommendation that the program be assigned to the Economic Development Department (EDD). "EDD worked assiduously to develop the partnership throughout the State.... EDD is the State's economic development agency and represents the State to local governments.... In this State, the PICs target their own service populations and priorities without interference or guidance from the Governor or State Council."

In still another State, the Governor had as a top priority "the coordination of job training with local and regional economic development efforts." The Governor created the State Job Training Coordinating Council in March 1983 to accomplish that goal, and in so doing limited the earlier power exerted by the State Department of Labor over the CETA program. The State Council sets the overall policy for JTPA while the Department of Labor handles day-to-day administration. The Department of Labor in this State has taken a more intergovernmental approach in working with SDAs than it did under CETA. SDA representatives advise the department about monitoring and management information systems, and State officials consult with SDAs in setting performance standards. The Associate in this State said: "JTPA has resulted both in greater centralization of employment and training activity at the State level through the Governor's initiatives regarding the State Council, and greater decentralization through the interaction of SDAs and State agencies.

In the second group of States, the Governor wanted to centralize the content and operations of JTPA to achieve certa policy goals. One was economic development. In one State, th Governor "has been out in front nationally in favor of .... a large private-sector involvement in solving ....employment and training problems (and) streamlining State government...." Th JTPA program was placed in the State Department of Labor inste of the Economic Development Department. The private sector di not want the program in the Economic Development Department which could make strategic management decisions. The private sector, moreover, wanted a single SDA. "It was not easy setting up a single statewide SDA. The old prime sponsors all presented considerable resistance. The threat to jobs and budgets was seen as critical," according to the Associate. To overcome this, the private sector compensated local CETA staff who transferred to the State payroll for benefits they lost in the transfer. The Governor also overcame some opposition to centralization by setting up an advisory committee of the local elected officials. However, with one SDA, the State JTPA program is clearly centralized. For example, the management information system is being converted to serve all social programs throughout the State.

In another State, the Governor's stress on economic development led to new levels of centralizing employment and training activities. The State largely determined the SDA designations, despite pressures from various counties and regions for separate SDA status. The State backed down only where an especially powerful actor (such as one mayor who was on the State Council) was involved. According to the Associate in this State, "most local actors are relatively inexperienced in JTPA and are hardly in a position to challenge the authority or interests of the Governor's office or key State institutions." In some counties where the local elected officials have placed passive public-sector representatives on the PICs, the direction of the program sometimes comes from the State Council, which has more active representatives. The Governor's plan gives priori to training programs that stress economic development. The State "requires the SDAs in preparing their local employment a training programs to address the manner in which JTPA resource will be used to meet the goals and priorities identified by th State".

Some States take charge of JTPA because the State is small and the political environment favorable. In one such State, the Governor was reported to favor "centralized administration of human services programs as the key to establishing clear lines of accountability, as well as gaining administrative efficiencies necessary in a small State...." Before JTPA, the CETA office and the Employment Service were merged, with considerable staff reduction. The administrative entity for JTPA was the Employment Service Division, which staffs both the State Council and the SDAs. The program is delivered through the Employment Service offices in the State. Title III is operated by the State AFL-CIO. A key goal of the Employment Service is "to put in place an effective program wi a barebones staff."

In another rural State, the Employment Service operat the program, with strong emphasis on involving the private sector. The Governor's Council serves as both the State Counc and the statewide PIC. Its executive director was the dominan force in implementing the program in the State. For example, order to organize a single-SDA program, he had to persuade the mayors of two cities, formerly prime sponsors, not to have separate SDA status.

Roughly three-quarters of the States are evenly divided between the first two groups and about a quarter of the States are included in the third category. In these States, no clear direction was established at the beginning of the JTPA program. This was largely because the Governor did not get involved and the State legislature showed no particular interest in structuring the program. In these States JTPA triggered no reorganization of employment and training programs at either the State or sub-State level. Instead, the balance of power between the State and sub-State areas remained largely as it had been under CETA, at least at the beginning.

In one of these States, the Governor was reported to have "played a minor role in JTPA." While he set broad goals, the specifics were left to cabinet secretaries. SDAs emerged from the Economic Development Districts, which are very strong in the State. They serve as administrative agencies for Federal and State grant programs and provide planning and economic development services. Outside of the cities that were prime sponsors, the Economic Development Districts are administrative entities for the SDAs and provide staff for the PICs. This Associate indicates that old CETA staff "comprise the chief actors in JTPA except for some new actors being introduced by the requirement that a majority of PIC members come from the private sector."

3.2 The Local Setting in Perspective

The States' early responses to the implementation of JTPA were largely influenced, both directly and indirectly, by local conditions. SDA designations involved the creation of entirely new political subdivisions within the States. This process was (and will continue to be) very definitely constrained by local forces. The extent to which States were able to centralize or decentralize employment and training programs under JTPA was affected by the previous configuration of local actors, both public and private. This is also true f States' relationships with any new local players who had an opportunity to take part in this New Federalism initiative.

Variation in the structure of JTPA programs is even greater at the sub-State level. The arrangements among local actors under JTPA differ from those under CETA in several ways First, of course, JTPA gives primary status to the private-sector participants. The Associates report that private-sector participation on PICs started at a promisingly high level under JTPA. The evidence suggests that, while the honeymoon period may be over, a private-sector commitment to the program has been established. Associates in a number of SDAs have reported a fall-off in private-sector interest and participation. However, under even the very best of circumstances, this is to be expected. In many cases, private-sector PIC members lose interest simply because participation requires too much time and work for already busy people. In other cases, frustration with bureaucratic process and details has taken its toll on participation by private-sector officials, especially those occupying top management positions. In one PIC, it was reported that "the representatives from some of the largest companies are regarded as 'go-to-meeting' types with little or no influence within their corporations." In another SDA, the chair of the PIC, who represented a major corporate voice, resigned in frustration due to bottlenecks in State-SDA communication on policy and administrative matters. Despite these difficulties, the overall picture seems to be brighter than that which characterized the CETA Title VII program.

The role of community-based organizations (CBOs) represents another difference from CETA and varies considerably across States and their SDAs. In some jurisdictions, CBOs remain the prinicipal providers of JTPA services; in others, their existence is in jeopardy. The extent to which these organizations are able to re-establish themselves within the State and SDA employment and training systems will influence the character of State-SDA relations in the future.

A third diffeıence is also patterned by past experience. An SDA's prior status under the CETA program (prime sponsor, BOS area, no prior experience) is a significant determinant of its relations with the State. Some SDAs were reported to be much more sophisticated in their planning and operational capabilities than were their counterparts at the State level. For example, one Associate reported that "the [city/county SDA] does not view the State as the new regional office. It does not consult with the State on administrative issues because the county (SDA) staff is far more sophisticated than the State staff." This reponse is not confined to SDAs that were prime sponsors under CETA. Indeed, an SDA that had been part of the balance-of-state prime sponsor under CETA was reported to be less than pleased with the State's technical assistance efforts.

The implementation of JTPA, of course, is also directly influenced by the capability of the local leaders who govern the program. Local elected officials, in particular, have varying levels of interest, commitment, and experience. Large urban SDAs, especially those representing citywide SDAs, are usually dominated by city officials. In two such city SDAs, the local elected officials rather than the PICs dominated SDA decisionmaking. On the other hand, in SDAs where county officials are the principal governmental representatives, the PICs seem to play the more dominant role. In one State, for instance, county jurisdictions are perhaps the weakest unit of general-purpose government, and efforts to abolish them are common items on the legislative agenda each session. In this State, the PIC has established a firm niche in SDA affairs, second only to the State itself.

3.3 Defining the Parameters of State-SDA Relationships

Reports on earlier phases of this study indicated that State-SDA relations varied from harmonious to acrimonious and that the States' attitudes toward SDAs ranged from avoiding being "overly prescriptive" to being "the new Federal regional office." This section examines factors affecting the degree of conflict or cooperation between States and their SDAs.

One factor that reduces a conflict is willingness on the part of the State to take part in SDA operations -- not to dictate policy, but to share ideas and to keep communications open. One State's Department of Labor insisted that its staff of five field representatives attend all SDA/PIC meetings. Moreover, the Department of Labor holds periodic technical assistance conferences for the SDAs. Regular information is furnished to the SDAs, including a "Service Delivery Area Planning Package" for preparing the annual plan. The State controls the set-asides and Title III funds, but the SDAs do not seem to resent this. The Department of Labor is the only State actor involved and is perceived as being open and consistent in its dealings with all SDAs. The SDAs in this State generally did not follow the State's programmatic and participant priorities for Title IIA. This was especially true among SDAs with prior CETA experience. Furthermore, SDAs with agressive PICs were less likely to take their cue from the State. Despite this, the fact that employment and training was not a "big ticket" item in State politics helped reduce the level of conflict.

Some State agencies also cooperate with SDAs by working closely with them at the local level, especially in job training matters. In one State, for example, the Employment Service and the Department of Human Services want to rationalize sub-State district operations and have instructed their regional offices to work closely with the SDAs. The same pattern was seen in another State where the Associate reported that decentralization "has been furthered because the State has insisted that local branches of State agencies (especially the Employment Service) work together locally." The opposite point is illustrated in one State where SDAs were instructed to work with various State agencies in developing programs and priorities, but no similar instructions were given by the Governor to State agencies. This slowed the implementation of the program until the State Council clarified the State's position.

Most State Councils appear to be advisory to State employment and training agencies, and, therefore, not a "co-equal partner" in an operational sense. However, another factor affecting State-SDA relations is the pattern of collaboration or conflict between State Councils and SDAs. An example of cooperation between the State Council and the SDAs was reported in one State where the Council funded outside consultants to participate directly in PIC training sessions within the State. In another State the State Council responded to PIC concerns about a highly centralized State plan and helped to make flexible local adjustments. For instance, the Council persuaded the Governor to eliminate the requirement that health occupations be given a high priority for training for every PIC in the State and that representatives of the State Department of Welfare be voting members on every PIC.

On the other hand, relations between the State Council and the SDAs have created problems in several States. This occurred in one State where the Council waged a battle with the State Department of Labor and secured its own staff, using it instead of working closely with the PICs. While a separate, independent staff for the Council strengthens it in many respects (as against using the JTPA agency staff), it does not seem to help with PIC relations.

At present, there appears to be a "settling in" of the JTPA program. Some States with centralized operations during the early transition period are permitting more discretion on the part of their SDAs. Other States, however, that were less centralized at the outset have assumed more responsibility. There was less diversity among the States in their modes of operation in summer 1984 than existed at the beginning of the program.

One Associate reports that initially, "the Governor's office decided.... in the implementation process to garner as much control of the operation of JTPA as was possible within the legislation." The Employment Service had long wanted to expand its influence in the employment and training area. The set-asides were completely controlled by the State, under the "unofficial doctrine that the SDAs have 78 percent of the action, why give them any more of our program." Not surprisingly, the Title III program was completely controlled by the State. The situation worsened in the spring of 1984 when SDA officials formed an association to lobby both the Commissioner and the Governor for more control. Apparently, they received some attention; the 3 percent older workers' set-aside will be allocated to the SDAs using the Title IIA formula instead of being handled solely by the State. Moreover, controversial issues are now ironed out directly between the State staff and the SDA association. This technique was used to develop procedures governing use of the 6 percent incentive funds. By the summer of 1984, things were changing. The Employment Service has sincerely tried to increase communication and information to the SDAs. The SDAs control types of programs, target groups, and contractor selection. Now the

State is more concerned with fiscal controls and performance measures.

Another State appears to have moved in the other direction. At the outset of the JTPA program it appeared to be the State where the greatest "decentralization" of program authority might occur. All four set-asides, for example, were formula-funded, at least in part, to the State's fifty SDAs. At the same time, the State is intensely concerned with the liability issue. Consequently, it has imposed "process authority" on the SDAs, with accompanying paperwork and procedural burdens, and has diminished what many SDAs feel is their authority under the JTPA program. The State is also perceived as slow in responding to SDA questions. The Associate in this State notes that it is becoming the new "Federal regional office" in the eyes of local actors. Interestingly, the State agrees with this assessment.

This State is seen as restrictive. In the spring of 1984, the State Department of Labor required all SDAs to withhold 20 percent of fixed unit-priced contracts until the employment (performance) criteria specified in the contracts had been achieved. The State has also defined successful performance as placement within sixty days of program termination in a position which lasts for at least thirty days. This has upset SDAs that are using performance-based contracting procedures, although the State seems to think that the SDAs have substantial latitude. The Associate suggests that: "Except for selecting and contracting with service providers and the setting of overall program objectives in terms of participant numbers, there isn't a great deal left that isn't imposed by JTPA, the Department of Labor, the State Council, and/or the State legislature."

State-designed and operated management information systems (MIS) under JTPA can help or hinder State-SDA relations. Most States have management information systems for both the Title IIA and Title III programs. Most systems require that participant information be recorded from time of entry to time of termination, and some are trying to track participants after they leave the program.

Such systems have caused a number of problems. One is that, while SDA participation in some States is voluntary, some especially rural SDAs, do not appear to have the internal capacity to fully use the State management information system. Further, data must be entered initially by the SDA, and sometimes even by training center staffers who vary in technical ability; this, in turn, may lead to problems of accuracy. Another problem is that participant and financial data are sometimes separately maintained. Still another problem is that it is so expensive in some rural States to maintain the system that only the basics are put into place -- enough to keep the State from getting into trouble -- but not enough to develop "a really detailed understanding of local programs." In other cases, not all SDAs are included in the system. To improve their level of sophistication in information management, States need to bring in more SDAs and find ways to enhance the capability of the data-entry staff at the local level.

Liability is another issue that may affect State-SDA relations. One State's method of defending itself against audit exceptions is a case in point. The State is both the grant recipient and administrative entity for its SDAs. It imposed a state wide set of administrative and financial reporting provisions to protect its interests under the program. All service deliverers must use the State management information system and disclose their previous audit experience at the grant application stage. Another State dealt with the liability issue by making regional Department of Labor representatives responsible. They oversee all SDA grant recipient activities and Department of Labor-supported program operations and coordinate all other State programs in the SDAs.

The 40 percent youth expenditure requirement has caused "liability-related" problems in some States, which feel they cannot meet the requirement and, consequently, expect trouble for themselves and their SDAs. They argue that the youth requirement should, instead, be a youth <u>participation</u> rate of 40 percent. Otherwise, the SDAs may design expensive programs for relatively few people to meet the 40 percent expenditure provisions.

3.4 SDAs As Implementors of Both State and Local Policies

A "linkage mechanism" can be defined as an exchange relationship that facilitates the coordination of two or more organizations so that both can reach their goals. Linkage structures that have been identified and reported in other studies include:

- Follow-up;
- Co-location of service providers;
- Information-sharing;
- Joint funding;
- Joint intake, assessment, and eligibility determination;
- Joint planning;
- Joint programming;
- Joint recordkeeping;
- Joint use of staff;
- Purchase of services; and
- Referral.

Each of these devices, in one form or another, was identified in the context of State-SDA relations by the Field Associates on at least one occasion. This variety of relationships suggests that the States and their SDAs are undergoing a period of mutual adjustment. Moreover, most States are experiencing both elements of collaboration and conflict with SDAs within their jurisdictions.

The struggle to build working relations between States and SDAs has centered around information-sharing and communication. In some instances, information is, in fact, shared but not communicated, thereby creating friction between the parties. Where communication is bad, the State and SDA typically do not trust each other. It is precisely the notion of "trust" that forms the bond of linkage and partnership.

One SDA provides a case in point. "Growing mutual suspicion" was reported to exist, especially in relations between the public and private sectors. Moreover, the State's Employment Service has no formal role in providing service to this SDA, even though a required "coordination agreement" between the Employment Service and the PIC calls for cooperation, information exchange, and so forth.

In another State, distrust arose between the State and SDAs over an "informal verbal notification" step in the job training planning process that one SDA director described as inherently "punitive." To this SDA official, the notification requirement exemplified the State's concern with "establishing the preeminence of State authority rather than assuring well-planned SDA programs."

Efforts to improve State-SDA relations have been marked by new approaches to information-sharing and communication. In the case of the SDA referred to above, the SDA requested that it have a representative present during the State Council's planning review stage. In another SDA, the new State JTPA director, who recognized the problems in communication between the State and SDAs under this predecessor, initiated a number of "policy groups," made up of State staff, Council members, and SDA representatives. In other cases, SDA staff serve on State technical advisory councils on various projects.

3.5 Conclusions

State-SDA relationships occur on many levels. Interactions take place between State and local actors over (1) matters of public policy; (2) questions about organizational design and structure; (3) operational linkages among various organizations and programs; and (4) ways of providing direct service delivery to participants. Such a multidimensional view of State-SDA relations reflects the realities of implementing such a complex program in a diffuse decisionmaking environment. State-SDA relationships are influenced not only by the actors involved -- their respective motivations, personal characteristics, capabilities, and so forth -- and the "history" of the relationship, but also by the level and focus of the interaction itself, that is, whether it concerns questions of public policy, organizational/interorganizational systems development, or direct services to participants.

Achieving a true partnership between allied job training programs is extremely difficult without the consent of the key organizational representatives involved, yet both executives and legislative officials are quick to mandate such relationships. In JTPA, as in its predecessors, statements of State policy about partnerships with local government and between the public and private sectors are often rhetorical pleas rather than clear guidelines for action. Thus, for example, we continue to see under JTPA a proliferation of nonfinancial agreements between entities seeking to facilitate something that is poorly defined.

The prognosis need not be dim, however. The experience to date has demonstrated that constructive working relationships, if not "partnerships," are possible between States and SDAs. However, it is also clear that they do not just happen spontaneously, nor do they easily sustain themselves without conscious and deliberate action on the part of the actors involved. Perhaps the future of State-SDA relations would best be served by the sharing of experiences, both positive and negative, among the various States and their subdivisions. Clearly, with respect to State-SDA relations, "good intentions are not enough."

4. SDA ORGANIZATION AND POLITICS

Implementing JTPA in SDAs requires the participation of a Private Industry Council (PIC), local elected officials (LEOs), and an administrative entity (AE). Each of these actors performs functions mandated in the legislation, which also specifies how the Employment Service (ES) will cooperate and participate in JTPA at the SDA level. Additional local actors include the actual service providers. This chapter describes the organization at the SDA level.

Although the act specifies certain functions for each role, it allows enormous variation in what entities fill the different roles. The only actor whose composition is fixed by the law is the PIC; a majority of its members must be private-sector representatives.

SDAs may consist of entire States, groups of counties, a county, a city, or combinations of a city and county or counties. The SDAs sampled in this study reflect that variety.

Depending on the SDA composition, the local elected official or officials involved may be a Governor, a mayor, a county executive, a board of mayors and county officials, a board only of county officials, or, occasionally, a combination of these with other local officials of special districts.

The administrative entity may be a local governmental body or one of the governments in a consortium, it may be the PIC, or it may be neither the PIC nor a local government as shown in Table 4-1.

Table 4-1. Organization of SDAs
(Number of SDAs)

Type of agency	Grant Recipient	Administrative Entity
State Agency	5	5
Multi-county agencies: Multi-county development agency, council of governments, cooperative education agency	5	5
County agency	7	6
City agency	8	9
PIC	7	6
Other	8[a]	9[b]
TOTAL	40	40

[a]"Other" category includes two LEO boards, two PIC/LEO boards, two community colleges,and one six-county consortium.

[b]"Other" category includes one LEO board, three PIC/LEO boards, two community colleges, and one city/county Employment and Training Office, one Chamber of Commerce.

4.1 Administrative Entities

The grant recipient and administrative entity are usually, but not always, the same agency or organization, as shown in Table 4-1. Where they differ, the grant recipient's only real function is to pass on funds to the administrative entity.

State Agencies

In five of the SDAs studied, State agencies were the administrative entity. Four of these SDAs comprised a whole State or major portion of a State, and the State Department of Labor or Employment Service was the agency involved.

The fifth SDA in which a State agency served as administrative entity presents an unusual case. Here, the PIC contracted with the State Department of Human Resources (DHR) to run the local program because the PIC believed that the State "had the resources and the manpower to carry out JTPA" whereas the PIC itself, as a group of volunteers, had only a limited amount of time and lacked the needed expertise. This PIC chose to continue the contract with Department of Human Resources into PY84. Near the end of the transition year, however, it hired its own staff person to monitor the activities of Department of Human Resources and to ensure that the SDA's interests were not subordinated to the State's interests.

Multi-County Agencies

Five rural, multi-county SDAs in the sample have some kind of multi-county agency as administrative entity. These SDAs range in size from two counties to more than fifteen counties. The administrative body is an area planning and development commission in three cases; a two-county council of governments in one case; and in the fifth case is a cooperative education agency that "diversified its activities" and assumed leadership in its SDA "in the absence of any other regionwide organization." These administrative entities were all established and doing business before the advent of JTPA. In rural settings, they were tailor-made for administering JTPA.

Single-County Agencies

In six sample SDAs, agencies of a single county government are the administrative entity for JTPA. Two of these counties contain large cities and one is a "balance-of-county" type -- that is, that portion of a metropolitan county outside the city limits. The city government is not directly involved in administering JTPA in these three metropolitan SDAs. The remaining county-based SDAs are in more rural areas; two encompass more than one county, with one county (a former CETA prime sponsor) taking the lead in administering JTPA.

City Agencies

An employment and training office or other city government agency is the most common type of administrative entity, found in nine SDAs in the sample. Generally, the administrative entity was also a CETA prime sponsor, usually making for a smooth transition into JTPA.

One case with some tension involved a consortium consisting of a major city, the balance of the county in which it lies, and a small rural county adjacent to the metropolitan county. There was a general perception in this SDA that the CETA program had been very badly administered. The local elected officials in the metro county agreed to let the city have fiscal control of JTPA, but only after they were convinced that the mayor was deeply concerned about fiscal accountability. The officials in both counties retained veto power over the program, as specified in their consortium agreement. The small county was involved in this SDA at the Governor's insistence, apparently because it is included in the same vocational-educational school district as the city. Neither the small-county government nor the PIC is happy with this outcome and there is some question whether small-county residents will be well served by JTPA.

The PIC

In six SDAs under study, the PIC itself served as administrative entity. These SDAs include a major city, a couple of rural SDAs, and a metro "balance-of-county" type. The only unifying thread is the fact that the PICs chose to administer JTPA themselves.

Other Agencies

The agencies administering JTPA in the remaining nine SDAs studied include one local elected official board, three PIC/LEO boards, two community colleges, one employment and training office of a city/county consortium, and one chamber of commerce. In one multi-county SDA the administrative entity was a community action agency that provided services in all the counties. Some interesting political skirmishes over the administration of the JTPA program took place within this group of SDAs.

One SDA consists of four counties of a populous State; none of the counties includes a major city. One county was designated as grant recipient (after a dispute with another county which also wanted to be designated), but this designation carries no policymaking authority. The administrative entity is an office jointly funded by the local elected official board and by a PIC/LEO board. This office has only two staff members who are responsible for several administrative and support functions. The program is implemented by separate county employment and training offices in each county which, in the words of the Field Associate, "seem to retain a high degree of autonomy over program operations." The impression one gets of this SDA is of four roughly equal counties which coordinate the administration of JTPA but watch each other to ensure that each gets its fair share of the program.

One of the two SDAs administered by a community college lies in a State in which the Governor wanted JTPA administered by the community college system. Local elected officials in more than one SDA in the State resisted this plan, attempting to give administrative control of the program to local groups more loyal to them. The Governor's plan prevailed in this SDA after a protracted political struggle accompanied by much reporting and editorializing in the media.

The SDA administered by a county chamber of commerce is unique in the sample. The selection of the chamber was a compromise solution to a stalemate between the PIC and the local elected official board, which had equal status in the selection process.

4.2 Private Industry Councils

This section examines the composition and role of PICs as a whole, particularly the relationships and politics between PICs and local elected officials and between PICs and administrative entities. Chapter 5 concentrates more on the private-sector role, including its influence on the PIC.

PIC Composition

The JTPA legislation specifies that besides private-sector representatives, who must constitute a majority, the PIC must include representatives of all educational agencies in the SDA, organized labor, rehabilitation agencies, community-based organizations (CBOs), economic development agencies, and the Employment Service. All of the PICs studied met these standards, but there were differences in size, other constituencies represented, and numbers of representatives for the various required constituencies.

The PIC size ranged from thirteen to forty-three members; the median was twenty-three. One-third of the PICs fell between twenty-one and twenty-five members. In several SDAs, local elected officials consciously tried to form a PIC of a manageable size so they could work more effectively.

Geographical representation criteria increased the size of some PICs. The multi-county consortia most often added this kind of requirement. Altogether, about one-third of the Associates mentioned this as an issue for their PIC.

One method of assuring individual county representation was to select private-sector representatives from each county to sit on the PIC. Among a small number of consortia in the study, the county executive or county judge designated the private-sector members to represent their county on the PIC. In another SDA, by contrast, the private-sector itself dominated the appointment process. "The town chamber of commerce coordinated the preparation of a single private-sector slate from among the nominations of all chambers of commerce, industrial development authorities, and economic development agencies," according to the Associate.

Almost all PICs included several education representatives to cover the diversity of educational providers, local public education, community colleges, vo-tech schools, and higher education. In most SDAs, the PIC contained only one representative each of rehabilitation agencies, economic development agencies, and the Employment Service. Organized labor was represented by two or more members, however, on nearly 40 percent of PICs; one large city PIC had four labor members.

Community-based organization representation varies in number and type of organizations included. Half of the PICs contained two or more CBO representatives; five was the maximum.

Types of organizations occurring most frequently were: (1) minority-based organizations which were invariably represented in SDAs containing major cities; (2) community-action agencies; (3) general-purpose social service organizations such as the United Way; and (4) organizations working with special segments of the target population such as youths, senior citizens, the handicapped, migrants, displaced homemakers, and women. Private Industry Councils in cities with substantial Hispanic populations usually had representation from one local organization. One PIC had an Indian tribe represented. About one-quarter of the PICs tried to assure minority and female representation among the total PIC membership. Others specifically included minority or female-owned businesses.

Community action program (CAP) agencies were frequently, though not always, members of PICs of county consortia. In at least one instance, the local elected officials from rural counties in a consortium "played an important role in assuring that the CAP agencies remained as major actors .... Consistent with LEO concerns that equitable dollars flow to their counties, the CAPs were seen as the one agency with a direct service capability in these very rural counties."

One State's JTPA legislation initially required that a welfare agency and a welfare recipient be members of all PICs in the State. That requirement was challenged and has since been rescinded. At least one PIC within the State then dropped these representatives. No other State in the study attempted to expand mandatory representation. Partisan political considerations in appointing PIC members arose in a consortium SDA where the Governor strongly recommended to local elected officials that they appoint four people, including a major Democratic leader in the State. The local elected officials appointed the Governor's recommended members, but these members have not dominated the PIC nor voted as a bloc. The Governor may have been returning a favor rather than manipulating the PIC.

Public agency professionals are another important constituency of PIC members. Most PICs contain several experienced professionals versed not only in employment and training programs but also in governmental bureaucratic processes. These members represent education, human service, and rehabilitation agencies, and the Employment Service. As a body, their experience and knowledge often exceeded that of private-sector membership at the outset of JTPA; thus, they were in a position similar to many administrative entity staffs.

These public-sector professionals exerted a great influence on the transition year plan in several SDAs, but private-sector members are deferring to the professionals less frequently as the program matures.

PIC Role

During the first few months of JTPA implementation, many PICs were carried along by actors who were experienced with employment and training, including staff, State agencies, and public-sector representatives on PICs. The intricacies of planning and contracting a federally funded program were unfamiliar to many PIC members, especially the private-sector members. Even with this disadvantage, PICs made great strides during the transition year. At the time of the initial SDA observation, midway through the transition year, fewer than one-third of PICs had moved into a primary role compared to the local elected officials. By the end of the year PIC influence had increased substantially, as described in Chapter 5. The primacy of the PIC in most SDAs is a major accomplishment of the first year.

PICs asserted greater authority in planning for program year 1984. Generally, as the PIC moved toward a more active role in planning, the administrative entity staff role decreased. Fewer than half of PICs exercised any authority during the transition year planning phase to designate target groups. In contrast, the cooperation in one consortium between a PIC and administrative entities for selecting target groups and performance standards for PY84-85 was characterized by both groups as "one of their best interactions." Almost two-thirds of the PICs were active in planning target groups for program year 1984. In the remaining group of slightly over one-third the PICs were inactive in targeting decisions because the State had defined statewide targets or because the SDA chose not to qualify the legislative requirements.

Only a few PICs are actively interested in the type of programming and choice of service providers though the strongest are involved in defining program mix and in evaluating and selecting subcontractors. These PICs usually work through subcommittees, with the full PIC making the final decisions. Because JTPA is oriented more than CETA toward the private sector, on-the-job training (OJT) has special significance for some PICs. Most SDAs offer on-the-job training, but in a few it has dominated all other programming; 90 percent of the program in one SDA was for on-the-job training. The motivations for a strong on-the-job training emphasis among PIC members include economic development, placing clients in "real jobs" (that is, jobs that are not like those held by public service employment participants under CETA), overriding the CETA image, and awarding contracts to particular firms.

A county SDA that was passive and advisory in the earlier phase of JTPA later took an active and primary role. The Field Associate reported:

> The PIC has taken the initiative in reviewing program proposals. Last year, the PIC simply acted upon the recommendations of the administrative entity. This year, the PIC has both rejected and shelved proposals.
>
> The PIC also was active in establishing new programs and in making the SDA more active in economic development efforts.

One Associate's report illustrates how a strong, secure PIC built public support for the JTPA program in a politically astute way. After the proposals were submitted in response to an RFP and the PIC staff had reviewed them, the PIC committee "held public hearings, in the course of which it added five subcontractors to those suggested by staff.... This extensive public hearing process [is credited] with building consensus regarding which programs to fund.... The PIC chairman [is credited] with effectively involving different groups." This SDA has long experience with employment and training and is among the most sophisticated in the study.

4.3 PIC-Administrative Entity Relations

Not all PICs separate policymaking and implementation roles. At one extreme the administrative entity may be too involved in policymaking; at the other extreme the PIC may be too involved in administration. An effective program depends on clearly defined roles for the PIC and administrative entity, within which each actor is satisfied with its authority. In most SDAs, by the end of the transition year, the PICs and administrative entities had established cooperative working relationships, with the PICs dealing with policy rather than day-to-day administration and the administrative entities administering the program and leaving policy setting to the PIC.

This division of responsibility in some SDAs evolved from the experience of the first year. In one SDA the Associate reported, "the PIC held a retreat and thrashed out the distinction between a policy orientation and administrative function. They are now clearly focused on a policy formation role, leaving the administrative level to the administrative entity as a staff function." Subsequently, the relationship between the PIC and the administrative entity improved substantially.

At the beginning of JTPA, most administrative entities had an advantage over the PICs because their staffs had been involved in other employment and training programs. Most administrative entities did not misuse this advantage, but in nearly one-quarter of the SDAs the difference in experience is a continuing problem. In at least three SDAs the staff of the administrative entity actually set policy.

The Associate in a consortium SDA reported that current relationships between the PIC and the administrative entity are less than satisfactory, but expressed tentative optimism for the future. The lengthy quote also illustrates other problems mentioned elsewhere in this chapter.

> From the perspective of the administrative entity, the PIC is pushing JTPA programs into inappropriate directions and interfering unnecessarily in the day-to-day operations of programs. The administrative entity believes they are doing a very good job, particularly with OJT, and have the performance data to prove it.... People in the administrative entity have expressed a concern that some of the more active PIC members have made the goal of economic development primary to training disadvantaged workers.
>
> From the PIC's perspective, the administrative entity has been less than cooperative, has frustrated the policymaking role of the PIC, and has a limited and archaic view of what kinds of programs should be undertaken under JTPA. PIC members do not think the administrative entity has given the PIC adequate staff support, and has tried to push its own programs and not allowed the PIC to develop enough new kinds of programs.
>
> There are elements of truth in both sides' positions. The PIC does seem to be somewhat hostile (or at least impolite) to the administrative entity. The PIC seems not to appreciate the excellent OJT results the administrative entity has achieved. On the other hand, the administrative entity seems to resist giving the PIC the kind of thorough policymaking, monitoring and evaluation role the PIC wants. The source of the bad relations between the PIC and the administrative entity stems from the personalities involved. As they change, and as time passes, I doubt the current level of hostility will be sustained. Indeed, there are some indications that it is already subsiding.

In a few SDAs the PIC has deferred to a strong administrative entity. One Associate from a large city reports that "the PIC is a volunteer group with a community service attitude.... As long as the reports from the administrative entity indicate that good work is being done to help needy people and the SDA is behaving in a fiscally sound manner, the PIC remains passive and happy."

Administrative entities are helping PICs increase their role in several SDAs. In one SDA this observation was made:

> Historically, the PIC has deferred to most staff recommendations.... As the program has matured, the administrative entity staff has tried to increase PIC involvement in program design, implementation and evaluation.... The staff is conscious of the uncomfortable feeling that many private-sector representatives had when they approved policies and procedures which they didn't know enough about to question.... There is some discussion about creating a staff position that would serve as the official liaison between the PIC and administrative entity staff.

In SDAs where the PIC and administrative entity had reached a satisfactory accommodation by the end of the transition year, PICs are making policy decisions on program design and subcontractor selection, and sometimes also participating in monitoring and evaluating programs. Only five PICs were involved in monitoring and evaluation during the transition year, but an additional five are assuming some responsibility for these functions in PY84. When the PIC is involved, a subcommittee of the PIC usually participates in visiting subcontractors to observe and monitor their operations. Staff members of the administrative entity conduct compliance reviews as well.

An exemplary approach to cooperative planning by PIC, local elected officials, and the administrative entity is reported by the Associate in a multi-county consortium:

> In setting the PY84 plan, the staff first met with the PIC to obtain their general preference with regard to policy options. A draft of the plan was then written by the PIC's staff, and that draft was submitted to all PIC members and all local elected officials who were members. Two committees of the PIC, the Program Development Committee and the Executive Committee met to provide specific input on the plan. Changes they suggested were made and some of the changes were substantive as opposed to stylistic. The local elected officials, in contrast, did not have any substantive recommendations with regard to the plan. Following a revised draft the plan was submitted to the PIC and local elected officials at a joint meeting.

This was a significant change from the transition year when the PIC deferred to staff in setting the plan.

PIC-Staff Relationships

The PIC directly controlled the staff in nearly half of the SDAs, either because th PIC (or the PIC in combination with local government) served as the administrative entity or because the PIC had its own staff separate from the administrative entity. In six SDAs, the PIC is the administrative entity outright; in four SDAs, a consortium of the PIC and local governments serves as the administrative entity; and in six others, the PIC has retained its own staff.

The relationship between the PIC and the PIC staff was almost always reported as cooperative in SDAs in which the PIC was also the administrative entity. The PIC clearly led in setting policy in all but one of these SDAs. The exception was an SDA in which "policy is developed by the PIC staff, with input and review provided by a PIC subcommittee." Also, the PICs were primary or had an equal role with local elected officials in these SDAs.

Less harmonious relations between PICs and PIC staffs are often found where the PIC is not the administrative entity and has its own staff. In a county-city consortium that uses a State department as administrative entity, the Associate reported:

> Both the PIC and the local elected officials (LEOs) defer to the staff's expertise with regard to JTPA but there is also some concern that the staff does not owe its primary loyalty to the PIC or local elected officials. This has led to sufficient concern so that the PIC has hired its own PIC manager. There are no outstanding instances where the State staff deceived or misled the PIC or local elected officials; rather, there is general concern that since the staff works for the State they will also operate in the interest of the State rather than the PIC/LEO. This is a major issue in the SDA, and the PIC manager was hired over the objection of the State.

Potential misuse of authority by professional staffs well-versed in employment and training presented a problem in two other SDAs. The administrative entity staffs were employees of a city and a county that had been CETA prime sponsors.

Consequently, the staff members had definite ideas for JTPA policy, which did not necessarily agree with those of the PIC. The PICs hired their own staffs to advise and guide them and to watch over the staffs.

One SDA has two staffs, one operated by the administrative entity and the other by the PIC, to serve two different program elements. The PIC does not influence the administrative entity's program, but is principally concerned with its own program.

There were no political motivations in two other SDAs in which the PICs have their own staffs. In one the relationship between the PIC and administrative entity, which began in mutual suspicion, ended on a high note with the PIC lobbying successfully for raises for the administrative entity staff.

In two SDAs where both the PIC and the administrative entity have staffs, administrative costs have been an issue. In one the State had set a 10 percent maximum for SDA administrative costs; the SDA, with both an administrative entity and PIC staff, sought and was granted an exemption from this, enabling the PIC to hire its own staff.

Other problems that can arise from dual staffs are duplication of function and an unclear division of labor. These problems have not been solved. The PICs used their own staffs for policy advice and guidance, to evaluate the recommendations of the administrative entity staff, to monitor the administrative implementation, and, in one case, to implement the PIC-subcontracted portion of the program. Since the PIC staffs are relatively new, their formal role is still being defined, but they all give the PIC independence from the administrative entity. Several PIC staffs were established during the transition year as a defense against too much interference in policy matters from the administrative entity staff. In a few SDAs there are indications that PICs will be adding staff, perhaps only a single person.

Local Elected Officials

Local elected officials originally participated in implementing JTPA by appointing the PIC members, as the act requires. Since then, these officials' activities have varied from little input to a primary role. In nine SDAs, local elected officials are primary to the PIC and in seven their role is equal with that of the PIC.

In about one-quarter of the SDAs, the local elected officials participate on the PIC in one of several ways. In four of the forty SDAs studied, local elected officials are participating members of the PIC, and in two others the local government has designated representatives on the PIC. An equally effective or greater role, however, is through committees. In two SDAs the local elected officials have established from among their members a permanent JTPA oversight committee, which makes an annual "evaluation review" of the PIC program and budget. In another, local elected officials share membership with PIC members on the planning and oversight committees. The "PIC played the primary role in the development of the plan.... There was, however, effective representation and input to the process from the local elected officials." A few other SDAs hold regular meetings between the PIC and local elected officials.

The identity of the chief elected official is a relevant consideration in the role of local government. Twelve of the forty SDAs have a single unit of local government forming an SDA; the chief official is either a mayor, a county executive, or a judge. In the five States where the entire State or a large portion of it is designated as an SDA, the Governor either occupies this role as a matter of right or did not involve local officials, thus ensuring his/her primary role. One State in the latter category is now involved in litigation.

In the rest of the SDAs, in which the number of local officials ranged from two to eighty-six, local officials themselves had to establish a modus operandi before any JTPA implementation could proceed. Some SDAs consisted of jurisdictions whose officials were already accustomed to working together on programs such as economic development, CETA, or the local council of governments. Elsewhere a new relationship had to be forged by officials unaccustomed to working together. In one consortium, the intense political rivalries between a city and suburban counties affected the selection of both the administrative entity and the program director. The two local elected officials from the Democratic city wanted JTPA placed in the city, as CETA had been. However, supported by the county and Republican suburban officials, the PIC incorporated, became the administrative entity, and remains primary over the board of elected officials.

In SDAs that are multi-county consortia, local officials have sometimes gained primary influence because of complex arrangements to distribute authority or funds or both among counties. One arrangement was described earlier in the discussion of organization. Several agreements between local officials maintained a strong role for them at the expense of the PIC, although the original motivation was to balance various local governments' interests rather than to avoid PIC influence.

In the SDA with eighty-six local governments, the local officials formed an executive committee to make sure "they receive their share of the money." Their aggressive committee is more active than the PIC. Staff efforts to mediate their activism by placing two elected officials on each PIC committee resulted in giving them "unusual input into the PIC decision process," according to the Associate.

Another SDA, with forty-eight local governments, uses an executive committee, which is the same body as the executive committee of the area's council of governments. This committee meets more often than the PIC, and part of each meeting is devoted to JTPA. The major concern is the division of JTPA funds among the counties, not SDA policy or administrative matters. The primacy of the elected officials is easy to maintain since the JTPA director and staff are also the staff for the council of governments.

The preceding two examples are among nine SDAs in which the local officials have more influence than the PIC. In three of these, however, the administrative entity has even more influence than the local officials. Six of these SDAs are consortia. Among the others -- one State, one county, and one city -- both city and county local elected officials have aggressively subordinated the PIC. The PICs in both tried to be more assertive in the PY84 program planning but were rebuffed by the local officials. In the county SDA, the PIC is seen as a "creation of the county executive. Members were chosen to do a job but also not to cause the county executive any political problems." In planning for PY84, the executive prevailed boldly: "The county executive wanted a program to serve county jail inmates on work relief, at a total cost of $370,000. The PIC balked, and said no. Then they set up a committee to study the issue and recommended a $170,000 program. The county executive said no. There is a $370,000 jail program in this year's plan."

Strong groups of local elected officials, similar to strong PICs, wield authority through close ties to the administrative entity staff. Often this relationship stems from past experience, as in this consortium SDA: "The JTPA staff director has a long, established relationship with most of the county officials in the SDA. He stated that when major issues arise or significant problems occur, it is often best to discuss them one-to-one with elected officials.... It is quite apparent that the local elected officials have more input into JTPA than the PIC."

Even where local officials do not play a primary role, affinity can exist between them and the staff. In a county SDA where the PIC and local officials play equal roles, for example, the officials "rely exclusively on the administrative entity to pursue their interests and.... active participation by officials is.... minimal. However, should the interests of the officials be compromised, they will certainly take positive action." Significantly, this is an instance where the administrative entity is linked organizationally to the county board of commissioners. In other single-unit-government SDAs described elsewhere, an intrinsic link between the administrative entity and local officials binds the latter's interest to staff interest.

The program (as opposed to process) issues most concerning local officials are related to allocating JTPA program funds, targeting welfare recipients, selecting subcontractors, and liability. Concern with "dividing the money" has been mentioned. Multi-county consortia accustomed to proportionally dividing CETA funds by county expected to do so under JTPA. Some local officials were disappointed and lost interest in JTPA. Some county elected officials are also concerned that categories of welfare recipients who are dependent on the county (those receiving general assistance, and home relief in some States) be included in JTPA targeting. The counties are in a financial bind and see JTPA as an appropriate vehicle for alleviating the distress of their welfare recipients and their own budgets. As noted earlier, some local officials protected the continued role of community-based organizations in part because they could reach these individuals.

Designating subcontractors generally appears not to be a politically charged issue. An exception was in a large city, where the city council was besieged by special interests lobbying for inclusion in JTPA regardless of the process used to evaluate and recommend service providers. The liability concern is a factor pulling SDAs away from writing contracts because of political pressure. Several SDAs with strong local officials are being very strict on contracting. "Misuse of money is the key concern of local elected officials and will continue to be the fear which drives their involvement and control of the program," reported one Associate. The following quote relates the contracting and liability concerns; in this city, the PIC had been thwarted in attempts to become primary:

> The chief elected officials contended that they and the city were ultimately liable and therefore would have to have final program responsibility. To bolster their position, city officials cited a recent State opinion to the effect that an administrative entity had to have a $300,000 indemnity bond filed. City officials made it clear that they will not supply that amount for the PIC and PIC members indicated that they would have trouble raising it from other sources.

4.4 Role of Subcontractors

In assessing the roles played by subcontractors in implementing JTPA nationwide, several factors were considered. These include prior experience under CETA, current role compared to past role, the effect of JTPA liability rules, and perfomance-based contracting.

Prior CETA Experience of JTPA Subcontractors

The study of twenty-two SDAs performed in winter 1984 illustrates the extent of CETA experience among JTPA subcontractors. In eighteen SDAs, the list of subcontractors was either identical to or a subset of the list of subcontractors for the final year of CETA. Of the four remaining SDAs, one has no subcontractors (performing all jobs training in-house), and the other three have at least one or two subcontractors with prior CETA experience. Data from the summer 1984 observation of forty SDAs are not as clear-cut, but a similar pattern seems to exist. Clearly, carryover of subcontractors from CETA to JTPA was the norm rather than the exception among the SDAs studied.

It is not true, however, that subcontractors active during the final year of CETA were assured of a role in JTPA. Old subcontractors were dropped in some SDAs if they had a poor placement record, did not agree to performance-based contracts, had high costs per service unit, or served few participants. Finally, many JTPA subcontracts are for less money than under CETA.

CBO Participation in JTPA Subcontracts

Analysis of the earlier reports indicates that a substantial number of SDAs have written no (or very few) contracts with community-based organizations, but that is not necessarily attributable to the advent of JTPA.

Ten of the twenty-two SDAs observed in winter 1984 indicated no reduced community-based organization participation in the transition from CETA to JTPA, while six did report a reduction. The remaining six SDAs reported that community-based organizations had a negligible role or no role in JTPA -- but four of the six indicated that community-based organizations had played no role in their areas under CETA.

A Field Associate in a large city in which over a dozen community-based organizations had operated with CETA funding during 1983 reported the following:

> There are several reasons why community-based organizations are not involved under JTPA in this jurisdiction. First, the criteria set by the PIC for selecting subcontractors eliminated most community-based organizations. Specifically, those criteria requiring that no subcontractor could be 100 percent JTPA supported and that each subcontractor must be a direct service provider eliminated most of the old CETA-CBOs. In addition, the 15 percent administrative cost limit was not met by several community-based organization applicants.
>
> Second, the view of the PIC and its staff was that these organizations did not have a track record which indicated that they could manage Federal funds. Private-sector council members, although unfamiliar with community-based organizations in general, viewed them primarily as lobbying groups furthering their own interest (this view was supported by the efforts of at least two old organizations to bring pressure on the PIC to fund them). Because of this, no effort was made to include them in JTPA. In fact, one staff member said that "JTPA killed community-based organizations on purpose, in Washington and here."

This position that "JTPA killed CBOs" is obviously overstated, since these organizations participate in about half of the SDAs observed. However, there is reduced participation by them. Reasons for this include the absence of public service employment and reduced emphasis on work experience; the greater financial control of JTPA relative to CETA; and the focus on private-sector, profitmaking firms, as opposed to the nonprofit sector. Some community-based organizations seem reluctant even to write proposals because of the private-sector thrust, or, in one case, because of the short time allowed to respond to the request for proposals.

The Liability Issue

Associates in the SDAs agree that the liability issue -- i.e., the willingness of a subcontractor to accept liability for possible disallowed costs -- had not greatly influenced the selection of one prospective subcontractor over another. The following is a typical comment, from a multi-county consortium:

> The administrative agency.... has the financial liability imposed by the program. It is a matter of concern to the agency but does not appear to have had an impact on the selection of contractors or a direct impact on the choice of participants. There is substantial concern with verification.

An exception to this rule, however, is shown in another consortium SDA:

> In this SDA, the liability issue has affected selection of contractors and participants, and more attention is being given to eligibility verification.

> Selection and eligibility certification is now contracted out to the Urban League, which accepts all liability. The contractors also now must demonstrate they have independent financial means, since the Mayor's office of Training and Employment will not accept any audit debts.

In most sample SDAs, the liability issue is not seen as contributing to revised or stringent procedures for screening applicants or verifying participant eligibility. One reason is that many SDAs feel confident that contractors who established good track records under CETA are not likely to have liability problems under JTPA. Several SDAs also relied on the 10 percent "window" for service to the nondisadvantaged as a "buffer" to absorb disallowed costs associated with serving clients found ineligible.

While these attitudes prevailed in most SDAs, there were more exceptions than with subcontractor selection, with several SDAs increasingly concerned about screening and verification.

Performance-Based Contracting

Performance-based contracting, in which payment is tied to program outcomes, is being used in PY84 in just over 60 percent of the SDAs studied. Several Field Associates observed that performance-based contracting is "attractive to private-sector members of the PIC." One Associate noted the following:

> This [reliance on performance-based contracting] is because the PIC mandated it; otherwise there would never have been performance-based contracting. The PIC wanted to distinguish their involvement with contractors, all of whom were also CETA subcontractors, from the relationship which existed under CETA. The idea was to dispel any notion that the transition from CETA to JTPA would be "business as usual." Also, the private-sector representatives believe and know that such contracts are good business procedures.

Another reason several SDAs like to use performance-based contracts is that these let the SDA transfer some administrative costs of the program to the "training cost" category. This helps the SDA comply with the act's limits on overall administrative costs discussed in the next section of this chapter.

Several problems related to performance-based contracts were reported, however. A fairly common problem is the need for "up-front" payments to a subcontractor who lacks the financial capacity to carry a program until the requisite tasks (or "units") have been completed and payments for them have been made. Some SDAs have budgeted funds to ease this problem.

In one large city, the PIC intervened to save the financial health of subcontractors struggling to adapt to performance-based contracts:

> Cognizant that most service providers lost money in the transition year, the PIC staff worked more closely with them in negotiating their PY84 contracts. They had the service providers scrutinize closely their actual costs to reflect them more accurately in their bids. Consequently, most PY84 contracts will pay more money for the same programs, but most milestone rates will be the same. The PIC was genuinely concerned that contractors not "go under" because of the requirements of performance-based contracting.

While losing payments because of failure to perform is a real danger for the subcontractor, a "profit" factor built into such contracts is at least theoretically possible. In one instance, a subcontractor asked to enter into performance contracts for this reason, but was refused.

Not all SDAs embrace performance-based contracting; in fact, 40 percent do not use it. One reason for not doing so is indicated in the following Associate report:

> The SDA staff is philosophically opposed to performance-based contracting on the ground that it can easily be manipulated. It is viewed as creating the wrong incentives for program operators to enroll or provide services for additional clients that may not be appropriate.

At least two other factors were mentioned. One was that "performance-based subcontractors have a tendency to cover up problems, particularly attendance problems." Also, performance-based contracting may be less workable in diverse, rural SDAs.

Administrative and Support Limits

Half of the SDAs studied reported that no problems were caused by JTPA's 15 percent cap on administrative costs or by the overall 30 percent limit on administrative costs plus support-payment costs. Eleven SDAs reported that the 15 percent administrative limit has caused problems; six SDAs indicated that the 30 percent limit has caused problems; and three SDAs reported problems with both limits.

Among SDAs indicating no problems with the 15 percent limit, the most common strategy was to use performance-based contracting to charge subcontractors' administrative costs as "training." SDAs avoided trouble on the 30 percent overall limit by paying few or no stipends (only a handful of SDAs paid stipends at all), by making few if any need-based payments, or (in one or two SDAs) by concentrating heavily on on-the-job training and work experience programs as a means to limit support payments. Only two SDAs applied for a waiver of either limit.

The 15 percent limit does appear to cause a problem in small SDAs with small Title IIA allocations. One SDA indicated that its boundaries might have to be enlarged (or it might have to be merged with another SDA) because of the severity of this problem.

The practice of allowing subcontractors' administrative costs to be charged to "training" may prevent abuses of JTPA funds at the administrative level, but it may obscure the real administrative costs of the projects. One Associate commented, "It will be up to Congress to make a decision on the definition of administrative costs in the future. As it stands right now, there is no way that anybody can identify how much of the JTPA funds are going toward administration."

More than one report indicated that the 15 percent and 30 percent limits "support the bias" of a conservative PIC oriented to the private sector. The following report is an example:

> Given a predisposition among both staff and the PIC toward a service mix emphasizing on-the-job training and work experience, the lack of supportive services isn't causing much of a concern. In the absence of the 15 percent supportive services limitation, they would certainly have more than 2.5 percent for child care, but probably not much more. There is presently no active lobbyist on the PIC for displaced homemakers, and quite frankly, both staff and the PIC seem relatively unsympathetic to the plight of the female head of household. In a very real sense, I think the 15 percent limit on supportive services gives the staff and PIC a convenient excuse to exercise its bias in favor of training and away from child care and other supportive services.

This example shows the tradeoff between administrative emphasis and services, and how these limits may affect who is served by the program.

4.5 Service Delivery Area/Employment Service Relations

JTPA has brought new directions in employment and training, and it is not surprising that Employment Service agencies should be ambivalent to new SDAs created by JTPA.

To broadly assess that reception, the Field Associate reports were analyzed to determine the overall quality of the first-year relationships between each SDA and the Employment Service agencies involved in the same service area. Overall, it appears that Employment Service agencies have given SDAs a mixed reception. Specifically:

- In sixteen of the forty SDAs, the relationship between the SDA and the Employment Service was "positive." There was evidence of coordinated activities, cooperative planning, or useful service provided to the SDA by the Employment Service under contract in an atmosphere free of excessive acrimony.
- In fourteen SDAs the relationship was "negative." Interaction between the SDA and Employment Service was held at an absolute minimum by one or both sides, or there was evidence of open conflict between the SDA and Employment Service.

- In SDAs where both positive and negative elements were reported by the Associate, the relationship was characterized as "mixed." Ten SDAs were of this type.

A second factor analyzed was the degree of PIC involvement in reviewing and approving each local Employment Service plan. Here, the results were not "mixed" at all -- the PIC was judged to have minimal input into the Employment Service plan in thirty-three of the forty SDAs observed. Only two SDAs showed evidence of extensive PIC input into the Employment Service plan. The PIC was judged to have significant input into the Employment Service plan in the remaining SDAs.

The two SDAs in which the PIC was judged "extensively" involved in the Employment Service plan were at opposite ends of the spectrum of SDA/Employment Service relations. In one case, a single-SDA State, the Associate reported, "The Governor merged the Employment Service with the JTPA agency, and the Employment Service has been virtually swallowed whole and is now well under the wing of PIC, especially the private-sector and the JTPA actors." The other case provides a genuine horror story. The Associate reported:

> When the Employment Service ran out of money for intake on May 7, they provided three hours' notice of the termination of their services for the rest of the year. Also, the Employment Service submitted a very perfunctory Wagner-Peyser plan. The PIC was "outraged" by these actions. The draft of the Employment Service's plan was returned for revision

> with an expression of strong reservations concerning expectations for the next year. The local Employment Service did not complete the revision, with the result that the plan was rejected. At this point, the State-level Employment Service entered the picture and rewrote the plan as had been suggested by the PIC.
>
> For next year, the PIC has decided <u>not</u> to contract with the Employment Service for intake and verification. Instead, the administrative entity will conduct the intake and verification itself, with the PIC taking out insurance, if possible, to cover the liability issue.

Finally, the sources of funding for services provided to the SDAs by the Employment Service offices in their respective areas were tabulated. In several instances, no services at all -- or minimal services, such as referral of Employment Service applicants to JTPA programs -- were performed. However, in several sample SDAs the Employment Service provided substantial services to JTPA programs.

The "health" of the SDA/Employment Service relationship is indicated by the existence of an SDA contract with Employment Service for services funded out of JTPA 78 percent Title IIA funds. If a PIC was willing to fund such a contract it can be assumed that the Employment Service was seen as a useful service provider in that SDA. Thus far, about half of the SDAs studied have funded some Employment Service programs out of Title IIA 78 percent funds.

The range of SDA/Employment Service relationships at this stage in the life of JTPA is definitely "mixed." More than one Associate reported that the PIC in a given SDA isn't interested in a relationship with the Employment Service. One Associate reported, "The PIC signed off on the Employment Service plan as a perfunctory matter. Nobody in the PIC, the local elected officials, the SDA administration, or the board of county commissioners really cares what the Employment Service does or doesn't do."

Many Associates reported that the local Employment Service gave the PIC little time to seriously consider their written plans. A related problem, reported from several SDAs, occurred in States in which the Employment Service plan is sent to regional Employment Service offices by the State Employment Service, a procedure that makes joint planning by the local Employment Service and the SDA almost impossible. Finally, a few PICs just haven't wanted to be bothered with the Employment Service plan, as this Associate indicates:

> The PIC and the local elected official did approve the Job Service Plan for FY84 but this was purely a formality. No changes were made by the PIC in the proposed plan and none were made by the local elected official. The PIC, in particular, is not inclined to get deeply involved in the Job Service. The attitude is one of "they are the experts in that area and we will defer to them." Private-sector members in particular do not have the inclination to spend time becoming sufficiently knowledgeable about Job Service to be able to provide meaningful advice.

4.6 Summary

Over half of the SDAs studied, where PICs have moved into the primary role, have achieved the objective of Congress that the private sector should be a major partner in employment and training programming. Local officials, despite a reduced role and interest since CETA, are potent, and indeed the major force in a significant minority of the SDAs. Political "turf protection" has figured in this.

The professionally seasoned expert is another strong force, whether on the PIC or administrative entity staff; in the transition year these experts were often primary at first, and some still are. Their expertise is increasingly used for implementation rather than policy setting as the PICs more forcefully assert their primacy in policymaking.

There is evidence that community-based organizations do not retain the position they achieved under CETA, though in some places -- cities, in particular -- the "minority and ethnic" organizations still have a voice.

Finally, the Employment Service, the actor whose role Congress wanted most to alter, has yet to be melded into the JTPA process fruitfully and harmoniously.

5. PRIVATE-SECTOR INVOLVEMENT IN JTPA

One of the primary changes JTPA has made in Federal employment and training policy is the increased role of the private sector. Congress intended that the private sector should be (at least) full partners with local elected officials in planning and shaping the program in the Service Delivery Areas (SDAs). This is manifest in the responsibilities vested in the Private Industry Councils (PICs) as well as the requirement that the PIC be composed of a majority of private-sector representatives. At the State level, one-third of the seats on the Job Training Coordinating Councils are reserved for representatives from the private sector.

5.1 Expectations for Private-Sector Involvement

An increased private-sector role can be expected to change local employment and training programs for many reasons. First, there is a widespread feeling that since the private sector is the source of most new job opportunities, it can also provide the best guidance in designing skill-training programs. Because business owners and managers know where future jobs will be, they can help programs match labor market needs.

Second, close connections between private employers and local training programs can be expected to improve the program's chances of placing people in private-sector jobs. The involvement of local business executives should help build both their awareness of and their commitment to these programs and their enrollees. Recruiting employers for on-the-job training (OJT) slots, for example, should be easier if some employers already participate in the program.

Third, private-sector people are commonly seen as more "bottom-line" oriented. While employment and training programs are seldom operated by profit-making institutions, the increased private-sector influence could be expressed in greater emphasis on measured results and efficiency as opposed to equity goals.

Fourth, private-sector actors often are expected to be less concerned with the political ramifications of particular decisions. This is not to assert that all local elected officials sought to use CETA resources for political benefit. However, it is true that some decisions are easier if one does not have to worry about which local pressure group might dislike the outcome.

Finally, some feel that increased private-sector participation will help avoid fraud and abuse in the programs, because no single set of actors completely controls the program and because private-sector people are perceived as willing to "let the chips fall where they may."

Along with these expectations of the effects of an increased private-sector role, there are reasons to expect some resistance to it. Local elected officials were clearly in the driver's seat under CETA and undoubtedly many would seek to continue that role under JTPA. This is true even though JTPA prohibits public service employment components, which under CETA were greatly valued by fiscally hard-pressed local governments. JTPA provides enough benefits to many local elected officials that they still have an interest in retaining as much control as possible. Finally, just because the private sector is a partner under JTPA does not imply that it will be the senior partner.

Some resistance to a major change in direction can also be expected from local service providers that had participated in CETA, many of whom had a vested interest in local training programs. Community-based organizations were one of the first groups to question the advisability of a major role for the private sector in employment and training programs. Perhaps this reflects historical concerns about discriminatory practices in the private sector, but it also reflects a real disagreement over approaches to targeting resources and selecting participants.

Within this political setting, a number of parties were interested in the role the private sector would play in JTPA during the transition year. This chapter seeks to answer the following questions: To what extent have the States and SDAs implemented the wish of the Congress for private-sector involvement in JTPA? What is the role of the private sector in specific programs? Is there a common model of private-sector participation? How much local variety is there? Who plays the dominant role in shaping local JTPA programs in the SDAs? What is the trend in private-sector participation through the first nine months of program implementation and experience?

5.2 Private-Sector Participation at the State Level

As indicated earlier, one-third of the members of each State Job Training Coordinating Council (SJTCC) must be from the private sector. The act also mandates that 20 percent of the members be from the general public, 20 percent from local governments, and 20 percent from State legislatures and State agencies. The chair of the State Council must be a nongovernmental representative. The State Council role in the twenty sample States is described in Chapter 4; this section focuses on the extent to which the private-sector members play a significant role in the actual operation of the Council.

The report on the winter 1984 observation of this study indicated that State Council roles varied considerably among the sample States. They fell into four broad categories: (1) active and influential, (2) active but still learning the process, (3) dominated by the public-sector representatives or staff, and (4) purely advisory to the Governor. For the summer 1984 observation, the Associates were asked to describe the role of the Council in relation to that of the Governor and other State-level actors. The focus was on the development of the State services plan for program year 1984 (July 1984 through June 1985).

The State Council was the primary influence on planning in four of the twenty sample States. In seven States, Councils had influence that was roughly equal to that of the Governors. In the other nine States, Associates reported that the C[illegible] was purely advisory to the Governor.

The private sector has played an important role on the Council in States where the Governor wishes the JTPA program to be significantly different from CETA. According to an Associate in a State with a strong Council and strong private-sector representation:

> The role of the State Council has been more than purely an advisory one in this State. The earlier report indicated a strong Council and one that not only advised the Governor on JTPA matters, but also one that was deeply involved in detailed fund allocation procedures and programmatic matters....There is a

> strong emphasis now on the Council acting as a policy and advisory body to the Governor, and as the "primary" approval agency for the State service plans. In essence, the Council has emerged (in my opinion) to a position of primacy in policy matters.

Another example occurs in a State where the issues were slow to emerge but where the Council finally assumed a major role:

> There is no longer any question that at this time, the role of the Council is primary. Initially, the Department of Labor did not (bother to) attend Council meetings, though the Labor Commissioner sits on it. Requests from the Council to the Department of Labor -- both as its staff and as the JTPA administrator -- for information were handled poorly or not at all. This led to the greater involvement by the Governor's staff and the decision to clearly identify the Council as the policy formulator, with administration left to a stripped-down Department of Labor. The causes of these conflicts are several. First, the Department of Labor was still trying to be what it was under CETA. A lack of early signals by the Governor helped explain some of this. Second, the Department of Labor seemed determined to lose as little staff as possible under JTPA.

Private-Sector Participation on the Council

Overall, the private sector is strong or dominant on Councils in eight States. In six States the private sector has a moderate role and in six it has only a weak role. Of the nine States where the Council was purely advisory to the Governor, none had strong private-sector participation. On the other hand, among the remaining eleven States, eight had strong or even dominant private-sector membership. Thus if the Governor wanted a different program from CETA, private-sector influence seems to have been one way to accomplish that goal. In a State where the Council has not played a very effective role and private-sector participation has been weak, the Associate reported:

> Among the membership, elected officials rarely show up at meetings; legislators never. Private sector participation is limited to a few committed activists, and State agency heads almost always send representatives -- usually program people who are active in JTPA administration themselves. The two SDA directors on the Council are always there, and take a prominent part in meetings. So do staff from the Department of Community Affairs, who attend committee and Council meetings in force. Thus, the Council is not a particularly independent force in JTPA policy and administration.

Among the States in which the State Council plays a role equal to that of the Governor, private-sector influence varies greatly. In one such State, the Associate reported:

> An explicit decision has been made to follow the recommendations of the State Council, and none of its recommendations has yet been rejected. Still, the State Council has not exercised its authority in any wholesale manner. It has, for the most part, deferred to the State staff in the development of the plan for program year 1984.

Another Associate reports a growing role for the Council:

> The role of the Council during the early days of the transition year was primarily reactive. It tended to adopt the State administrative staff's recommendations with minor revisions. Toward the end of the transition year, there was evidence the Council had begun to occupy more of an equal position.

> As one top-level adminstrator put it, "The staff has to earn it (passage of its recommendations) every step of the way now."

These same two States, which are alike in the Council's role, differ in the degree of private-sector involvement. The first State had weak private-sector participation:

> Public-sector members of the Council have greater interest in JTPA, and their role on the Council is dominant. The private-sector members have not been active, and even their attendance at State Council meetings has been exceedingly poor. The State has not yet devised a way to actively involve private-sector representatives in the State Council or, more generally, in JTPA at the State level.

The second State, by contrast, had strong private-sector participation:

> The private-sector members of the State Council are currently more active and vociferous. Their role has increased since the earlier report for several reasons. First, they have become knowledgeable about the program. Second, key private-sector members have assumed committee leadership positions. Third, the Governor has personally encouraged his private-sector appointees to actively participate in Council activities.

The roles of the Council and the private-sector members on the Council still vary greatly among the States. It is clear, however, that where private-sector participation is strong, the role of the Council tends to be strong as well.

Another issue is the trend in private-sector involvement at the Council level. Because of heavy Council responsibilities in the early stages of JTPA, there has been interest in whether the private-sector people would retain their commitment after the big policy decisions were made. On the other hand, some questioned whether private-sector participants were knowledgeable enough to contribute to early program decisions and whether they would stick to it long enough to make a difference in the programs.

The question is whether private-sector participation increased or decreased during the transition year. The situation in the individual States can be very different, yet the overall responsibility of the State Council may have stayed the same during the transition year. The field results show that private-sector involvement increased in three States, decreased in five, and showed no particular trend in twelve.

In a midwestern State with a Council playing an advisory role, "The private-sector involvement appears to be increasing somewhat now that these members are better acquainted with JTPA. They are beginning to identify those policy issues that require their attention." It is not clear whether the degree of private-sector participation is related to the trend in interest, although in three of the five States showing a decrease in private-sector involvement, participation was weak to begin with. The Associate in a State with a moderately strong Council but little private-sector participation reported:

> There is a clear trend toward a waning of interest of the private sector, which was not strong to start with. Initially, I had thought the private-sector representatives were quiet because they were learning JTPA, but now it appears that their lack of involvement indicates a lack of interest. The private-sector representatives do not control any of the committees and their attendance at meetings has been extremely weak.

On the other hand, from a State with a strong private-sector commitment, the following illustrates the decline in Council "action" in general:

> At the most recent meeting, only two of the six private-sector members attended and only seven members attended altogether. The Council now meets only every other month, and the last meeting was cancelled. Fewer meetings were bound to result once the program was operational, but we sense some tapering off of involvement, more so by private-sector members.

Perhaps the best conclusion to draw from these observations is simply that if you give people an important role, they will be active. Because public-sector actors on the State Council are more likely to be actively involved in the JTPA program, special attention is needed to make sure that the Council's role is significant enough to involve private-sector people and keep them motivated. The program seems to have acquired significant input from the private sector. The challenge is to keep it.

The last State-level issue to be addressed is the link between JTPA and economic development efforts in the States. The winter 1984 observation of this study found that this was a primary factor in seeking strong private-sector involvement in the Council. Fourteen of the twenty sample States reported using JTPA as an economic development tool. After the transition year, it is appropriate to ask how this effort turned out.

This observation suggests that there may have been more rhetoric than reality to the JTPA-economic development link. In about half the States, there are only weak links or none at all between JTPA and State economic development efforts. Usually, these are States with no unemployment problem or where the JTPA program most closely resembles CETA. This statement from an Associate in a midwestern State illustrates this common pattern:

> Although there is lip service paid to the development link with JTPA, it is not a strong one. As a development staff person told me, they make sure they offer JTPA services to prospective employers, but since every State has the program, it isn't considered much of a selling point.

In only a few States can a strong link be discerned between economic development goals and JTPA program parameters. In one of these States, conventional devices were used rather aggressively by the Governor:

> The Governor clearly acknowledged that the link between JTPA and economic development is the primary

focus in the State. This was accomplished by retaining control over Title III funds in a statewide program and using all of the 8 percent set-aside for customized training. In addition, the Governor's coordination criteria require that SDAs reserve 10 percent of their Title IIA allocation for additional customized training programs within their areas. This thrust was reinforced when the Governor exercised his power to control 10 percent of the Wagner-Peyser allocation and channeled those funds into job-generating activities.

In another State with successful linkage, the Governor tied JTPA to other programs;

JTPA staff members regard their State as one of the leaders in linking JTPA and economic development. Much of the linkage first came about when the Governor pressed his Offices of Planning and Economic Development to work closely to develop his Small Business Revitalization Program. Now there is also a linkage between the JTPA and Small Cities Community Development Block Grant (CDBG) programs. CDBG requests for proposals give points for proposing to use JTPA participants.

A more innovative approach is being used in a large eastern State with severe employment problems:

The Governor has acted to strengthen JTPA/economic development links during PY84. Consider two such actions: (1) PICs must now establish coordinative mechanisms with the high-tech center nearest to them. (2) The Department of Labor recently requested that the State Council actively support the Governor's request for a $190 million bond issue for economic development. JTPA was written into the Governor's proposal.

Several other States show moderate linkage as illustrated by the following:

At the State level, the more direct JTPA links with economic development are with the 8 percent education set-aside and Title III rather than with Title IIA. The Governor actively supports a strong economic development role for community colleges, for example, through the establishment of Business Assistance Centers. (Eight percent funds are being used to help centers provide contract procurement assistance for local businesses in FY84.)

There appears to be a slight connection between the degree of private-sector participation and the degree of linkage between JTPA and economic development efforts. Because of confounding influences of the economic climate and structural issues, however, it is hard to measure this relation precisely.

Perhaps the most revealing statement of all comes from an Associate in an eastern State:

> It would be reasonably accurate to say that JTPA has not been a very high priority with the Governor, but that his interest in the program is likely to increase over the next year. He is very concerned about economic development, but thus far has not found the operational "link" between JTPA and that goal. If a strategy can be forged to combine the workings of education, technology, and employment and training programs, the Governor's interest in JTPA can be expected to grow rapidly.

This may be the key. While one Associate reported in the earlier observation that the private-sector chairperson of the State Council claimed that "training the disadvantaged without creating new jobs is like clapping with one hand," it remains difficult to do. Not enough is understood about the way jobs are created in the private sector, so it is hard for policymakers to coordinate policies in a general way.

5.3 Private-Sector Participation at the SDA Level

Private Industry Councils are the major avenue for private-sector participation in the SDAs. PICs are supposed to perform planning and oversight functions jointly with local elected officials. The act mandates that a majority of PIC members including the chair be private-sector representatives, making possible private-sector control of the PIC. Two concerns that emerged early in the implementation of JTPA, however, cast doubt on whether the private sector would take control as the Congress intended.

The first concern was how soon private-sector members could achieve a grasp of the program sufficient to contribute to shaping it. The will to use one's influence is not enough; it is also necessary to understand the program. Because most public-sector members of the PIC were expected to be experienced CETA hands, there was concern that private-sector members would be left behind.

The other concern was whether private-sector representatives would actually take an interest in employment and training programs for the economically disadvantaged. While creating more opportunities for the disadvantaged is in everyone's interest, it was difficult to see just how the private employers represented on a PIC would benefit directly from this activity. Some argued that apparent conflicts of interest might arise if firms represented on a PIC were then given on-the-job training slots and other program benefits, but that denying these firms any benefits would be asking them to serve purely out of a sense of corporate responsibility. Some firms might conclude that they had more to gain by avoiding participation on the PIC.

Findings from the first two rounds of the study suggest that these two concerns are not groundless, but may be less serious than some had thought. Further, they may be fading as time goes by.

As to the first concern, a sizeable number of private-sector PIC members have experience with employment and training programs. Among the twenty-seven PICs in this study where a determination can be made, in twelve PICs more than 20 percent of the private-sector members had previous PIC experience under CETA Title VII. Nevertheless, there were ten PICs among the twenty-seven where <u>none</u> of the private-sector representatives had any previous experience. Therefore, it is likely that, in some local areas, private-sector input was not effective in the early stages of JTPA implementation.

The field results from the winter 1984 observation showed that the ability of private-sector representatives to play a full role was a valid concern at that time. Among the twenty-two SDAs reviewed in the first round, the PIC had greater influence than local elected officials in only six. Another six PICs were classified as advisory, but attempting to move to equal status with local elected officials. A total of ten PICs were found to be purely advisory to local elected officials; in other words, the local partnership had not yet been consummated on terms favorable to private-sector participation and direction.

By the end of the transition year, however, the field observations yielded a very different picture. In twenty-two of the thirty-eight SDAs observed in summer 1984 (58 percent), the PIC was the primary or dominant influence in determining the content of the PY84 services plan. The PIC and local elected officials were judged equal in another seven SDAs (18 percent). In only nine of thirty-eight SDAs (24 percent) was the PIC purely advisory in determining local JTPA program plans for PY84. This is a rather remarkable turnaround in PIC (and private-sector) influence over the program in less than one full year. Following are some examples of Associates' discussions of how this worked in practice. From a mid-sized SDA:

> The private-sector influence appears to be dominant on the PIC. The chair of the PIC and the chair of all three committees are private-sector persons.

> There is no indication that the interest of the private-sector representatives has declined and, indeed, from all indications the interest of the private-sector members has increased during the transition year. Their influence is clearly dominant on the PIC. There has been good attendance at the meetings and at least fifteen of the nineteen PIC members have attended 95 percent of the meetings.

An Associate in a large SDA reports:

> The interest in and involvement by the private sector is strong at the level of the PIC and its committees. From our interviews and from attendance at the PIC meetings, it is clear that the PIC members want an active role. They are particularly sensitive to the mayor or board of supervisors intruding into what they define as their turf. The charge to the ad hoc "policy" committee is to develop policy statements and procedures which will reduce such intrusions in the future.

There is not always a power struggle over the role of the Private Industry Council. Local elected officials were often eager to transfer policymaking authority to private sector players. From the Associate in a large city:

> Since the early period of PIC formation, the role of the mayor has been minimal-- "he has not interfered" though he has his spokesperson at the PIC. The mayor and the PIC have steered JTPA away from the politically charged atmosphere of CETA with its pressures to award contracts and participant slots. So far they have succeeded; approval of PIC decisions, especially of contractors, has had the concurrence of the mayor and city council. The PIC has been primary in formulating the PY84 plan. This is the private sector's program, not the city's.

In other SDAs, the public sector has been dominant. From a small rural SDA:

> The PIC influence has declined. In essence the progra[m] is viewed as a public-sector matter best left to the county commissioners. The PIC is a legitimizing group, a support group in times of crises, and a rather insignificant public relations group in supporting the program's OJT and placement objectives.

A more individual kind of response was reported by the Associate in another small rural SDA:

> Private-sector influence is mixed. Some private-secto[r] representatives still are very strong participants in the process; others are very weak. The agency people on the PIC often dominate because of their background and expertise, but some private-sector people are "holding their own" with the agency people.
>
> Maintaining private-sector interest will be somewhat difficult in that travel distance and time away from business are difficult for these small-business people. Also, there are only limited numbers of these people i[n] these six counties available and willing to devote muc[h] time to PIC affairs.

There is much variety among the SDAs, so much that it is hard to discern any central tendency. However, it is worth noting that only two of nine PICs that were purely advisory in the earlier observation are still in that category. Among the six PICs deemed to be advisory but attempting to move to equal status, only one is still advisory to local elected officials. Thus, there has been strong movement in the direction of private-sector influence.

This is confirmed by Field Associates' responses to questions on the trend of PIC influence. At the end of the transition year, private-sector participation was moving upward in thirteen SDAs and downward in only seven. The Associates saw no particular trend in twenty SDAs. It would appear, then, that private-sector influence was still rising at the end of the transition year. Where this was not occurring, it seems due primarily to lack of interest by the local elected officials or other controlling authorities in sharing their power. Where the private sector has been invited to share authority, they seem to have been a willing partner. Clearly there are problems of distance in rural SDAs and problems of commitment among some individual PIC members. But overall the partnership appears to be healthy and robust.

5.4 Other Private-Sector Influences

Private-sector people are playing other roles in JTPA programs besides serving on Private Industry Councils. In six of the forty sample SDAs the PIC itself is the grant recipient and administrative entity. Obviously in these cases the private-sector PIC members participate in the usual functions associated with overseeing a major undertaking. But aside from direct managerial input, what else has private-sector pa::ticipation in JTPA produced?

Even when the Private Industry Council is not dominant, it can shield local elected officials anxious about possible liability or fraud and abuse issues. This is an important function in a program like JTPA, where the Federal government has imposed few definitive regulations. From an Associate in a large SDA:

> The local elected official depends heavily on the PIC to provide assurances that the program is operating in accordance with law and with good business practice. The local elected officials in this SDA are surprisingly unconcerned about program issues, including liability for disallowed costs.

Private-sector input is also valuable when it comes time to pull the plug on an unproductive contractor. According to the Associate in a large-city SDA:

> They [the PIC] and the new private sector members feel no pressure to fund poor service providers. The private-sector orientation of JTPA seems to offer the rationale for cutting them off, an orientation which was not present under CETA.
>
> Undoubtedly the private-sector majority on the PIC makes such decisions easier to make and harder to overturn through political means.

Another example in which the business orientation may have worked to the advantage of the program, though in a rather unusual way, is the following from an Associate in a large city:

> Several factors have contributed to this private-sector influence. First, the PIC persuaded the city to reduce the administrative cost burden. This was a clear indication of the usefulness of private-sector business knowledge in bringing about change. Second, the PIC and PIC Planning Committee view staff as extremely open and interested in sharing information to bring about changes.

If the private-sector dominated PIC was prepared to go to bat to raise the administrative cost limit, it must have been a persuasive case.

Other examples of PIC influence relate to marketing the JTPA program to the community and, more particularly, to the business sector. One example is from a State that has shown little private-sector involvement in program planning or operation:

> The State Chamber of Commerce is quite actively involved in promoting JTPA throughout the State and has had a major impact. Working with Job Service staff and occasionally members of the regional PICs, they have made local presentations in over 140 communities statewide that have been attended by over 4,000 employers. These meetings cover a range of topics besides IIA and III programs under JTPA, but there is no question that the word is out. For example, with the help of some 6 percent money, an employer outreach program was conducted in one region that resulted in fifty requests from employers for OJT contracts. Before the program, these employers hadn't heard of JTPA.

A report from a large city combines the public relations aspects with specific functional contributions by private-sector interests:

> A significant accomplishment of the PIC has been recruiting other private-sector members to serve on PIC committees to review proposals, to validate tests to determine program completion, and to review, on-site, service providers. At the most recent PIC meeting a "PIC Associate" category was approved to designate these individuals and others who will be recruited to expand private-sector influence and participation.
>
> The PIC review of proposals and subsequent evaluation of those funded draws heavily on private-sector members. Several members recounted spending three days exclusively reviewing proposals both for the transition year and PY84. These reviews are done according to industry/occupational clusters by those with that expertise. For example, review of all clerical training is done by a subcommittee of members and associates knowledgeable about clerical occupations. The on-site PIC evaluations, likewise, are conducted by knowledgeable members and associates.
>
> Additional private-sector influence is exerted through the advisory councils which the PIC requires of each service provider for their JTPA programs. These members are mostly from the private sector and their responsibility is to help define skill requirement needs by program graduates, and to develop and refine curriculum and training methodologies.

Another description of the way in which private-sector-dominated PICs can find a way to meet the needs of employers is the following:

> The major innovation has been to permit amendments in OJT contracts with private companies to accommodate changes in their need for trained manpower without requiring formal and time-consuming renegotiation of proposals. Additional slots can be added quickly to meet additional needs. This has been seen as very

> helpful to start-up companies. The PIC will only fund a third of the need for slots for such companies. This has been done to take into account layoffs and additions, so as not to cut into the JTPA slots and, as a result, cause their OJT contract to be cancelled. Another change adopted by the PIC was the use of broader job descriptions, which give companies some flexibility without them having to modify their contracts. An example given was a job description that would permit an employer to switch between welder helper and welder.

Another type of private-sector influence is their effect on State and local governmental structures. Private sector people have a lack of respect for traditional bureaucratic boundaries that can be helpful. From a State with strong private-sector participation on the State Council:

> The Council has become somewhat more influential in the past year. While this is difficult to pinpoint because the Governor "accepts" both its transition year (1984) plan and program year (1984) plan, observers of the Council think that it is becoming more "surefooted" in analyzing problems. For example, the Council, as part of the implementation of coordination criteria for the SDAs, established a policy of cooperative agreements to be drawn up between the SDAs and various State and local agencies. This spring, the SDAs complained that the governmental agencies were not being as cooperative as the SDAs were expected to be. The Council then began to pressure the Governor informally to mandate parallel requirements on agencies within his purview. While no formal action has occurred yet, it is likely that such will take place for the plan for 1985-86.

Perhaps the most far-reaching impact of private-sector participation in JTPA has been the increased attention to the demand for labor (i.e., the needs of businesses) as opposed to the supply of labor (participants' needs). This is exemplified in the following quote from an Associate in an SDA that is still battling openly over these issues:

> The extent of the private-sector influence in this SDA has certainly not diminished thus far. Many active members are from the private sector, and the level of their activity remains high. The executive committee effectively is the PIC. Five of the eight executive committee members have private-sector connections. The impact of this input is difficult to sort out. Nearly every meeting has the obligatory reference to the inability of public entities to ever get anything done, but I think that hostility is more ceremonial than substantive. More important, I think, are two very different types of private-sector influence. First, there is a tendency to think about the dimensions of the labor market in terms of what businesses need. Thus, there is a tendency to think in terms of economic development and what skills are needed by business, and possibly diminished concern for getting people into permanent, good jobs. The second influence centers on how the PIC operates. The main difference between day-to-day operations in the small business settings familiar to the PIC's private-sector members and the public sector is the necessity to consider such things as open meeting laws, avoiding the appearance of conflict of interest, and the need to follow State bidding procedures in assigning contracts. Key members in this PIC are influenced by the private sector in both of these ways. They think of job training differently than the public-sector oriented people at the administrative entity, and they are continually frustrated by the constraints placed on JTPA operations because they are using public funds.

There seems to be a fundamental difference in orientation between many of the private and public-sector people. This is certainly a major issue in converting from CETA to JTPA over the past year. The private-sector participants are less likely to define the mission of employment and training programs in individual terms. They see putting the individual back to work as a successful treatment, regardless of other needs. Public-sector CETA managers and service deliverers have not generally defined their mission so simply and straightforwardly. Their emphasis has been on placement, but they have traditionally expressed more concern about the individual's needs. Thus the old CETA hands find the diminished level of support services troubling, while private-sector participants are more likely to feel that if a participant can get a job without support services, providing such services would not be cost effective.

Even if private-sector representatives on the State Councils and PICs do not influence all areas outlined above, their influence may still meet the expectations of the framers of the legislation. This is summarized by an Associate in a State where the private sector appears to have little influence:

> If the private sector dominates the agenda of the State Council and dictates its direction, it is not obvious. A more realistic assessment is probably that of a role of keeping things from sliding back or coming to resemble the sound or appearance of the "old CETA program."

5.5 Summary

Involving the private sector in the program at both the State and Service Delivery Area level was a major goal of the JTPA legislation. Yet, how is this involvement to manifest itself? This chapter has examined ways the private sector influenced how the program was organized and operated.

At the State level, private sector influence must be exercised through the State Job Training Coordinating Council, and for this to happen, the Council must have some stature in shaping the program. A slight majority of the Councils in the sample States played roles that were greater than the elected officials or the administrative entity. Relative to the earlier phase of the study, this represents a strong movement toward private sector influence on the program.

With regard to private-sector influence on the PICs, while most have not changed as they proceed into program year 1984, of those that have, most are in the direction of more PIC and private-sector influence. If the private-sector representation on the PIC is influencing the program, how is this being felt? From a programmatic perspective, it is being exhibited several ways. It was hoped that private-sector influence would affect the program through a "business like" orientation with more emphasis on the customer (the potential employer) and on the product (a placement). This differs from the perception of the previous program as supply-based with emphasis on the participant. Efficiency and the prevention of disallowed costs are also emphasized. This is, in turn, related to other influences that seem to be affecting the program. The emphasis on efficiency seems related to more cooperation and less respect for bureaucratic rules and "turf". It also leads to sharing responsibility for the program with local elected officials; this may reduce political influences such as the pressure of certain groups or agencies and improve contractor selection.

The emphasis on servicing employers, the nature of the service mix and the groups of participants to be served represents the proximate effects of private-sector influence. "Marketing" the program, however, is another private-sector influence. While these efforts are just beginning, they may represent the ultimate effect of private-sector influence if they can increase the credibility of the program among private-sector employers.

6. THE TARGETING AND SELECTION PROCESS

Participant characteristics are one of the most important features of an employment and training program. Most programs of the past twenty years have set some minimum eligibility requirements, but have not provided enough resources to serve all who met them. Instead, they have relied on program operators to devise ways to select participants from the eligible population.

In some programs, the law or administrative regulations have prescribed rules for outreach, intake, screening, and selection. As these rules become more detailed, program operators have less discretion in choosing participants. Setting rules has been defended on the ground that it prevents such undesirable practices as "creaming" -- that is, choosing those who already have work skills rather than those needing more help. Extensive restrictions on participant eligibility, however, may limit local program operators' ability to tailor programs to specific community needs, or to serve people who need services but do not meet certain eligibility requirements.

JTPA provides more latitude in setting criteria and choosing participants than any other Federal training program of the last two decades. It gives the States wide discretion, and most States allow SDAs to exercise similar discretion. The law also grants the private sector a larger role in planning and operations, and thus in selecting participants. JTPA's language supporting local choice in selecting participants, then, is consistent with its actual practice; previous legislation took away most local choice by setting detailed eligibility criteria.

Nevertheless, targeting remains an important research question. JTPA's impact cannot be evaluated until it is known who was served and how the targeting decisions affected program operations. The selection process is especially critical because the program is relatively small and the eligible population has been expanded. It would be difficult to obtain information by simply looking at summary data and plans, but the Field Associates were able to examine how the selection process operated in practice. Their assessments allow us to provide summary data about targeting under JTPA.

6.1 Eligibility Criteria and Participant Characteristics

To provide a framework for analyzing State and SDA targeting and selection procedures, we used nationally representative data to estimate how many people were eligible for Title IIA of JTPA; how many actually participated; and how eligibles and participants differed in certain characteristics.

The number of people eligible for Title IIA was estimated from the March 1984 Current Population Survey (CPS). We used an approach developed in an earlier study analyzing CETA eligibility.[1] Each individual fourteen years old and older on the CPS file was evaluated to determine whether he or she satisfied any components of the JTPA definition of "economically disadvantaged." These components include receiving public assistance and living in a family with an income below the poverty level. A person fitting any of these categories was classified as eligible for JTPA Title IIA. Although the law allows persons who are not economically disadvantaged to make up as much as 10 percent of enrollees, it was impossible to operationalize this provision in our eligibility simulation. Hence, those identified as JTPA-eligible in this study represent the narrower population of economically disadvantaged individuals.

[1] Kalman Rupp et al., "Eligibility and Participation Rates of Older Americans in Employment and Training Programs," RR-83-11, Research Report Series, Washington, D.C.: National Commission for Employment Policy, Spring 1984.

Data on JTPA participants were derived from the Quick Turnaround enrollee sample for transition year 1984 (October 1, 1983 through June 30, 1984) from the Job Training Longitudinal Survey (JTLS). While the CPS data on eligibles cover a full calendar year, the JTLS data are limited to enrollees during a three-quarter period.

Selection and Self-Selection

It is important to understand how data on eligibles and participants are related to each other. The number and characteristics of participants reflect both the supply of program slots and the demand for program services. Targeting and other program operator decisions (e.g., outreach, screening) affect the supply of program slots. The demand for these slots, however, depends on self-selection by eligibles: Not all people who are eligible for JTPA apply for it, or would apply even if outreach efforts were more widespread or aggressive. Some groups of eligibles, such as people who hold full-time jobs, do not need program services. Other eligibles are not in the labor force, have family responsibilities, or are too old or too sick to benefit from JTPA training. For these reasons, the number of people who are eligible should not be interpreted as a measure of either the need or the demand for program participation.

Targeting and other program operator selection processes interact with participant self-selection; the data reflect both.

Numbers of Eligibles

The data show that 23 percent of the U.S. population fourteen years old and older satisfied the Title IIA economically disadvantaged eligibility criteria at some time during 1983. This amounts to an estimated 42.3 million persons. The number of new Title IIA enrollees during the three quarters of the transition year was 585,700; if the program had operated at this level for a full year, an estimated 780,930 people would have participated. At this annualized level, JTPA could serve 1.85 percent of the Title IIA eligible population.

A comparison of the number of people eligible for JTPA with the number who were eligible for CETA shows how broad the JTPA criteria are. Forty percent of JTPA eligibles would not have been eligible for CETA Title IIB, while 95 percent of the 26.8 million persons who satisfied the CETA eligibility criteria are eligible for JTPA. The primary reason CETA was more restrictive than JTPA is that CETA Title IIB required an individual to be not only economically disadvantaged but <u>also</u> unemployed, underemployed, or in school. JTPA Title IIA eligibility is not tied to labor force status.

Changed economic conditions also raised the number of eligibles in recent years. The proportion of the population fourteen years old and older who satisfied the CETA Title IIB eligibility criteria increased from 13.3 percent[2] to 14.6 percent between 1980 and 1983.

Although the appropriation for JTPA is less than the funding for CETA in its last years, JTPA's average cost per participant is substantially lower than that of CETA. For that reason, the annualized number of JTPA Title IIA participants during the transition year (780,930 persons) is not proportionally lower than the number served under CETA during FY 1981 (893,370 persons). This means that the proportion of the population served under JTPA is only slightly lower than under CETA.

The data also reveal that the more liberal JTPA eligibility definition, in itself, did not substantially change the mix of participants served. The vast majority of JTPA Title IIA participants (88 percent) would have qualified under CETA as well. Of the 12 percent who would not, 6 percent were not economically disadvantaged and 6 percent were not eligible for other reasons. This suggests that self-selection and explicit or implicit program targeting are more important than the restrictiveness of the eligibility rules.

2 Rupp et al., ibid.

The importance of self-selection among eligibles is further underlined by labor force status data. Exactly half of JTPA eligibles were outside the labor force for the whole year. This portion is even higher (close to 80 percent) for those fifty-five years and over, and somewhat higher than average in the youth group. Many of these people do not have the desire or ability to enter or re-enter the labor force, and therefore are unlikely to apply for JTPA. At the other end of the scale, 12 percent of all JTPA eligibles (and almost 20 percent of those between forty-five and fifty-four years old) worked throughout the whole year. For different reasons, these people are also unlikely to apply for JTPA.

Characteristics of Eligibles and JTPA Participants

What was the end result of the supply and demand factors that entered into the JTPA selection process? The following sections compare eligibles and participants for several important characteristics.

Youths. The proportion of youths (fourteen to twenty-one years old) is substantially lower among eligibles (19.4 percent) than among participants (39.8 percent). This is a sizable difference, and may help explain why many SDAs find it difficult to satisfy the youth expenditure requirement, as discussed in Chapter 8. Other characteristics will be separately presented for adults and youths. Table 6-1 describes adult JTPA eligibles and participants by various characteristics and contains comparable data for CETA Title IIB participants.

Gender, Age, and Race. Relative to their proportion of the eligible population, males are somewhat overrepresented among participants. This can be explained by the higher labor force participation of males relative to females. Consistent with expectations, older individuals are underrepresented among participants. This is largely because many older people have dropped out of the labor force because of retirement or poor health. Whites are underrepresented, blacks are overrepresented (they tend to be more disadvantaged than whites), and other minority groups are represented in JTPA Title IIA roughly in proportion to their representation in the eligible population.

Economic Status. Participants are more disadvantaged than eligibles according to family income and labor market criteria (as measured by unemployment experience). Multiple regression models show that unemployment is the most important predictor of JTPA participation. These findings are consistent

Table 6-1. Distribution of adult JTPA Title IIA eligibles (i), and participants (ii), and CETA Title IIB participants (iii) by various characteristics (percent)

Characteristics	JTPA Eligibles	JTPA Participants	CETA Participants
Total	100%	100%	100%
Sex			
Male	43.3	50.5	45.5
Female	56.7	49.5	54.5
Age			
22-44	55.2	87.6	88.6
45-54	11.4	8.3	7.9
55 or more	33.4	4.1	3.5
Minority Status			
White (excluding Hispanic)	66.3	57.3	51.5
Black (excluding Hispanic)	21.0	29.4	29.1
Hispanic	9.2	9.4	11.4
Other	3.0	3.9	7.9
Family Income as Percent of Poverty Line			
50% or less	42.9	69.0	68.6
51-70%	11.7	10.2	9.1
71-90%	15.3	10.5	7.9
91-100%	7.1	4.2	4.0
101% or more	23.1	6.1	10.4
Family Income per Person			
$500 or less	27.1	48.2	54.1
501-1,000	7.2	9.3	12.6
1,001-2,000	16.7	17.3	18.6
2,001-4,000	31.1	18.8	11.5
4,001 or more	17.8	6.4	3.2
Weeks Unemployed			
None	75.5	5.1	30.6
1-4	2.6	4.0	3.3
5-8	2.1	3.0	4.5
9-13	3.0	5.5	5.2
14 or more	16.9	82.4	56.4
Receiving Public Assistance	44.1	43.8	53.8
Receiving AFDC	12.8	21.4	25.3
Receiving SSI	15.2	1.8	5.6
Education			
Less than high school	47.5	24.8	35.0
High school or more	52.5	75.2	65.0

Source: JTPA Eligibles from the March 1984 Current Population Survey (i); JTPA Participants from the Job Training Longitudinal Survey (October 1, 1983-June 30, 1984) (ii); and CETA Participants from the Continuous Longitudinal Manpower Survey (July 1, 1980-June 30, 1981) (iii) with the expectation that the demand for JTPA participation should be associated with economic disadvantages, since the more disadvantaged are most likely to benefit from participation in JTPA. It is possible that targeting decisions also contributed to this finding. Again, the data suggest that participant self-selection, as well as program operator and other selection processes, largely accomplished what stricter eligibility criteria would have produced.

Overall, public assistance recipients are represented in the participant population in roughly the same proportions as in the eligible population. Within this group, however, AFDC recipients are overrepresented among participants and SSI recipients are underrepresented. The finding concerning SSI is expected, since most SSI recipients are disabled or older persons.

Education. Finally, those with better education are overrepresented among participants. This finding can be partly explained by two factors. The first is self selection. When we hold constant income and work experience, better educated people are more likely than others to apply for training. The second is that older people, who are on average less well educated than younger people, are also less likely to participate in JTPA. However, this finding is also related to screening processes, to be discussed later in this chapter. The data also indicate that high school dropouts are underrepresented among participants, although an exact measurement was not possible because of slight differences in definition between the CPS and JTLS.

CETA and JTPA Participant Characteristics

The data also indicate that the distribution of adult JTPA Title IIA participants by various characteristics is comparable to the distribution of CETA Title IIB participants. As Table 6-1 shows, women are somewhat less likely to be enrolled in JTPA than under CETA, and older people and whites are slightly more likely to participate in JTPA than in CETA. Both JTPA and CETA overrepresent the more disadvantaged as measured by family income and unemployment experience.

The proportion of participants who were unemployed for long periods (fourteen weeks or more) is much higher under JTPA than it was under CETA. However, the proportion of participants with no prior unemployment (essentially labor market entrants and reentrants) was substantially higher under CETA. The proportion of public assistance recipients was somewhat higher and the proportion of high school graduates somewhat lower under CETA Title IIB than it is under JTPA Title IIA.

This comparison between CETA and JTPA participants supports the conclusions based on the comparison of JTPA eligibles and participants. The data do not support any simplistic notion of "creaming" by JTPA. People with serious labor market difficulties, as evidenced by lengthy unemployment spells, dominate the JTPA participant group.

Data on youth JTPA participants and eligibles (Table 6-2) are generally consistent with these findings. There are only two exceptions: Hispanic youths are somewhat underrepresented among participants, while Hispanics are proportionally represented among adults. AFDC recipient youths are underrepresented in the participant group, and as a result, public assistance recipients are substantially underrepresented among youth participants. The comparison of youth characteristics between JTPA Title IIA and CETA Title IIB indicates a pattern similar to the findings for adults.

In summary, JTPA participants are substantially more disadvantaged than eligibles by income and labor market indicators. However, they are less disadvantaged by education, an important indicator of human capital potential. The remainder of this chapter explores the role of explicit and implicit program targeting and screening in explaining these findings.

Table 6-2. Distribution of youth (14-21 years old) JTPA Title IIA eligibles (i) and participants (ii), and CETA Title IIB participants (iii) by various characteristics (percent)

Characteristics	JTPA Eligibles	JTPA Participants	CETA Participants
Total	100%	100%	100%
Sex			
Male	47.6	49.0	48.8
Female	52.4	51.0	51.2
Minority Status			
White (excluding Hispanic)	53.8	49.1	45.4
Black (excluding Hispanic)	28.9	36.0	37.6
Hispanic	13.2	10.7	11.9
Other	4.0	4.2	5.1
Family Income as Percent of Poverty Line			
50% or less	49.5	62.6	61.1
51-70%	10.9	13.1	9.9
71-90%	13.7	13.5	10.7
91-100%	6.6	4.9	4.2
101% or more	19.3	5.9	14.1
Family Income per Person			
$500 or less	31.7	42.5	47.1
501-1,000	10.7	8.8	14.5
1,001-2,000	22.2	23.1	23.6
2,001-4,000	28.4	20.9	11.7
4,001 or more	7.0	4.8	3.1
Weeks Unemployed			
None	78.2	6.9	35.3
1-4	4.2	3.8	13.4
5-8	3.2	2.9	6.4
9-13	3.2	6.3	10.7
14 or more	11.2	80.1	34.2
Receiving Public Assistance	53.3	37.2	46.8
Receiving AFDC	25.8	19.4	23.7
Receiving SSI	8.5	3.1	7.9
Education			
Less than high school	70.4	58.2	62.2
High school or more	29.6	41.8	37.8

Source: JTPA Eligibles from the March 1984 Current Population Survey (i); JTPA Participants from the Job Training Longitudinal Survey (October 1, 1983-June 30, 1984) (ii); and CETA Participants from the Continuous Longitudinal Manpower Survey (July 1, 1980-June 30, 1981) (iii)

6.2 Eligibility Requirements and Significant Segments

Because only about 2 percent of the eligible population can be served under JTPA, decisions must be made about how to target limited resources. This section describes the particular kinds of eligible participants on which States and SDAs have concentrated their resources, and discusses how that targeting has taken place.

State Targeting

Table 6-3 shows the target groups identified by the States and SDAs in the sample. Thirty-five percent of the States augmented or changed the provisions stated in the law. Only one-fifth added a significant segments requirement. No SDA had difficulty meeting the significant segments requirements (with the exception of the youth category, discussed in Chapter 8). However, in some cases significant segments requirements substantially affect program character. For example, in one case they are simply another State-imposed performance

Table 6-3. Targeting by the States and SDAs

	State (n=20)	%	SDA (n=40)	%
No targeting beyond that in the law	7	35	3	8
Significant segments	4	20	11	28
AFDC	9	45	22	55
General assistance	4	20	8	20
Youth	6	30	22	55
Limited English	1	5	5	13
Dislocated workers	3	15	3	8
Females	2	10	7	18
Minorities	5	25	10	25
Dropouts	5	25	17	43
Older workers	3	15	10	25
Displaced homemakers	2	10	8	20
Offenders	1	5	7	18
Handicapped	3	15	18	45
Unemployed and underemployed	1	5		
Unskilled	1	5		
Single parents	2	10	9	23
Veterans			9	23
UI claimants			3	8
Foster care children			1	3
Average Number of Additional Target Groups		2.6		3.5

standard. In another, an SDA must meet significant segments requirements to qualify for 6 percent incentive funds on the basis of the performance standard measures.

Given the background of training programs and the purpose of JTPA, it is not surprising that States most often target AFDC recipients and youths. Most States that do no other targeting than that in the law do so to avoid appearing "overly prescriptive" to the SDAs. States establishing target groups beyond those specified in the act targeted an average of slightly more than two groups. Those most often added are minorities, high school dropouts, and general assistance recipients.

SDA Targeting

SDAs are considerably more likely than States to target services to certain significant segments. Only three SDAs did no targeting beyond the groups specified in the JTPA legislation. One is a single-SDA State and the other two are rural areas "committed to helping anyone who walks in the door." The average SDA targeted almost four groups in addition to those specified in the act. Those most often added were handicapped persons, high school dropouts, older workers, and minorities.

SDAs target more groups than do States partly because SDA officials are more accessible to various interest groups that lobby to include other groups. As an extreme case, in one urban SDA with a diverse population, the process for determining target groups was "very extensive," involving public hearings in addition to PIC meetings. This SDA identified more than thirty target groups and specified the percentage of participants for each group.

The prevalence of targeting on dropouts, older workers and the handicapped is particularly interesting because it is often more difficult to get good placement rates for these groups. Despite this, the SDAs, rather than the States, are specifying these groups, even though the SDAs are the ones subject to performance standards.

Finally, it is worth noting the emphasis on general assistance recipients at the SDA level relative to the States. This is not surprising since, although AFDC is partly paid for by the State, general assistance costs are usually paid by the county. In most cases where general assistance recipients were listed as a target group, the major motivation was to reduce the local cost of general assistance payments. Further, a number of areas have job search or work requirements for general assistance recipients; this creates a likely tie with the local JTPA program.

6.3 Screening and Selection Process

This section discusses several aspects of how SDAs have approached screening and selection.

Outreach and Intake

The amount of effort put into outreach is important in the selection process; in most SDAs this effort is minimal. Only one-fourth of the sample SDAs indicated that they were doing outreach. SDAs are generally reluctant to mount extensive outreach efforts because they cost money but do not produce placements.

Rather than funding outreach efforts, most SDAs simply engage in intake, the process of accepting applications and verifying that applicants are eligible. SDAs with no outreach effort are, in effect, merely taking applications from those who walk in. Again, participant self selection seems to play an important role.

Most SDAs have centralized their intake activities. Only five sample SDAs left intake to each service provider, a fairly typical arrangement under CETA. In slightly over half the SDAs, intake was done by staff of the administrative entity of the SDA. The Employment Service did it in another nine. One

SDA had a contractor responsible for intake for all programs. The tendency toward central intake appears related to concern over liability for admitting people who turn out to be ineligible. The theory seems to be that a central intake office will be more likely to weed out ineligible applicants than will a service provider.

Although a central intake process helps protect against ineligible participants, it does not assure the broad public knowledge of the program provided by a comprehensive outreach effort. Of course, the program is small and the number of eligible people is large so that many SDAs will have more applicants than they can serve even without extensive outreach. It should also be noted that a central intake procedure does not mean that program operators must take everyone sent to them from the central office. In fact, the process may be more selective precisely because of the procedures adopted.

Central intake can serve another function in situations where the SDA has a performance-based contract with the program operator and the contractor receives full payment only if certain outcome measures are met. Central intake can assure that the target groups established by the SDA are receiving service. This control over "inputs" prevents the program operator from "creaming" - meeting performance objectives by selecting only participants who are easy to train.

Impact of Service Mix on Selection

The mix of services can also affect participant selection and screening. In typical OJT programs, several participants are referred to the employer, who selects the person to be trained. This involves some screening among eligible participants. Further, any program operator who wants additional on-the-job training contracts soon learns the kind of characteristics required by the employer and is likely to avoid referring people with no chance of acceptance.

Much classroom skill training has entry requirements such as a certain level of reading and math ability, a high school degree or GED, or a driver's license. If administrative entities send people without these qualifications, particularly when the contractor must meet requirements of a performance contract, training organizations will not enroll them. This is another form of selection among eligible participants.

Because on-the-job training and classroom skill training have become larger parts of the JTPA program, the related selection procedures apply to a larger part of the participant population. The apparent rise in the proportion of high school graduates is probably related to the increasing importance of on-the-job training and classroom training in the JTPA service mix. This, in turn, is related to the program goals, private-sector involvement, and other interdependent aspects of JTPA.

Screening for Intangibles

Applicants for JTPA training must demonstrate considerable determination just by showing up for all the required interviews and tests.

In most SDAs an individual walks in, completes an application, and may be given a preliminary eligibility determination. An appointment is then made for complete eligibility verification and assessment. One SDA official indicated that whenever someone calls or comes in to ask for an application, he or she is immediately scheduled for an interview, always on another day. If the person does not show or is late for the interview, that person is not enrolled.

As Exhibit 6-1 shows, an applicant must assemble and produce a great many pieces of information to prove eligibility. Once found eligible, the individual will be scheduled for an appointment with a counselor and possibly for testing. This may take from several hours to a couple of days.

Exhibit 6-1. Information Needed for Eligibility Verification

COUNTY JOB TRAINING PARTNERSHIP

Building 11, Room 206

To apply for the County Job Training Partnership you must bring:

1. Proof of Income - pay stubs, W-2 forms, unemployment statement (amount), social security/pension award letters, Public Assistance, township, and food stamp records.

2. Proof of Age - Drivers License, Birth certificate, or legal document.

3. Social Security Card - Drivers License

4. Proof of Residence - Current address needed, Drivers License, utility bill, rent receipt.

5. Proof of Family Size - Birth Certificates of everyone in household, or signed statement from friend or neighbor as to family size. (If single person, a statement is necessary)

If any of the following apply to you, documentation of such is necessary:

( ) If alien - alien registration card
( ) If under 18 - must be accompanied by parent
( ) If veteran - DD-214 form
( ) If student - student I.D.
( ) If handicapped or disabled - verification from DORS, VA, or physician's statement.
( ) If on parole/probation - release forms
( ) If Foster Child/Ward of State - documents verifying that information.
( ) If laid-off - bring lay-off notice, or unemployment documents.
( ) Displaced Homemaker - (a person who has been out of work for at least 5 yrs., due to domestic life) - Signed statement from friend/neighbor, public aid records, divorce/separation records.
( ) Dropout - school records, statement from parent/relative as to grade and age left school.
( ) Never worked - Statement from parent/relative

If you do not have all the information in time for your appointment, please call and reschedule.

Individuals who survive the assessment and counseling process are then placed in an applicant pool until they can be called for placement in a training or job search program or referred to a potential on-the-job training slot. If the person is enrolled more than forty-five days after initial application, program eligibility must be reverified prior to enrollment. In a sense, the application and enrollment process itself serves as a measure of individual motivation.

The need to select from a large population of eligibles (even walk-in eligibles) and the way this occurs is illustrated in the assessment from an Associate in a city that concentrated on serving those who would benefit the most from training:

> The target groups in this SDA were selected according to their incidence among the population of unemployed. Local officials repeatedly stressed that the number of people needing training is far greater than the supply of training slots. Therefore, there has been no real difficulty in finding people who both fit the criteria of need and have the personal qualities that will enable them to succeed. In the words of the employment and training agency director, "We do not cream, we do screen." The real difference in JTPA, he said, was not the selection process but the program's emphasis on skill training.
>
> The PIC has conducted a "policy audit" for the transition year. That audit makes it painfully clear that sizable numbers of "certified" potential enrollees are selected out of JTPA by some sort of default, perhaps

self selection. Of a total of 2,650 certified clients referred to the employment and training agency, 806 (30 percent) failed to show up for scheduled assessment. Of the 1,844 who completed assessment by the agency or its contractors, 362 clients "exited" because they were functionally illiterate, needed remedial education, or needed training in English as a second language.

Of the 1,482 clients remaining, 1,285 were enrolled in job training programs, while 197 remained in the active pool, were not selected by contractors, or left the system for unknown reasons. This complex process of selecting final program participants, with many people falling by the wayside, some for reasons unknown, must be subject to careful analysis.

6.4 Targeting in Practice

As noted earlier in this chapter, with a large eligible population, SDAs have no difficulty finding participants, except for youths. All have larger applicant "pools" than they can serve and, therefore, the selection process is critical to the nature of the program. As a result, the program varies widely from one place to another. This section describes how the sample SDAs have selected participants.

Participant Selection

Virtually all participants are economically disadvantaged, as the earlier characteristics data indicated.

Little use is made of the 10 percent "window" for serving the nondisadvantaged population. The only major exceptions involve serving participants with other barriers to employment that largely overlap the economically disadvantaged population, such as the handicapped or displaced homemakers.

Within the economically disadvantaged population, how are participant selections made? From information obtained in the preliminary phase of the study, we asked the Associates to characterize the training needs of typical individuals selected for JTPA services. These can be categorized three ways. The first group consists of those ready for employment at the time of entry to the program. The second consists of those participants able to find a job as a direct result of receiving the types of training provided by the program. The final group includes those most in need of extensive training and supportive services to become employable.

Half of the SDAs in the sample indicated that they were concentrating on the middle group, those most likely to directly benefit from the training and find jobs afterward. Six SDAs appeared to select the most job-ready among eligible participants. These jurisdictions relied heavily on on-the-job training as a service strategy and focused on job placement as a major goal. In eight SDAs, the Associates reported a concentrated attempt to serve the most needy in the eligible population. However, even this is a matter of definition; in some jurisdictions the program operators indicated that among the most needy "the most placeable were preferred."

Minor exceptions occurred. One jurisdiction's strategy was to select individuals who were not job ready and make them employable. Two other SDAs indicated that they planned to provide training for the target groups that they had selected for service using demographic or economic characteristics.

The lines are not always clear between the categories of service to the most job ready, services to those who will benefit most, and service to the most needy groups. The following examples of each approach illustrate what these participant selection procedures mean in practice.

Targeting the Most Job Ready

One reason why some jurisdictions concentrate on the most job ready is that all eligibles are disadvantaged and it is efficient to select the most job ready among them, given the limits of time and money. An example comes from an Associate in a jurisdiction with an economy that has suffered severe structural problems for some time:

> In this county the most job ready are also needy. While differences in need do exist, these differences become difficult to measure. It should be remembered that this county's unemployment problem is long term and structural. Thus, the county serves the most job ready of the needy. Job readiness tends to be the dominant characteristic.

In other cases an emphasis on the most job ready may arise from an SDA's stress on performance and cost effectiveness in choosing from among proposals submitted by prospective program operators. This is particularly the case if the contracting process involves performance-based or fixed-price arrangements with service providers. Under these circumstances the potential subcontractor is motivated to select the most job ready to compete in the contractor selection process and meet the terms of the subcontract. SDA staff may abet this procedure if they see themselves as being evaluated on the performance of the service providers.

The following assessment comes from a jurisdiction with a diverse eligible population where all services are provided through subcontractors with fixed-price subcontracts. Here, targeting means an equitable distribution of the funds on a geographic basis and among different target groups, not targeting within the eligible population. It is also interesting to note that this jurisdiction is one of the few where intake is done by the individual subcontractors rather than centrally. It was noted earlier that central intake may control the targeting of individuals referred to subcontractors and thus prevent selection of the most job ready among those eligible.

> In effect, the target groups and services were determined by the RFP process. However, within each area of the city, staff tried to avoid work experience programs and emphasize those for the job-ready individual because of the requirements for placement and performance standards.... A deliberate city attempt is to avoid the hard-to-serve population and emphasize the job-ready because of the performance standards.

The service mix that is chosen may also affect participant selection. As noted earlier, entrance requirements for classroom training and employer selection for on-the-job training may affect overall selection procedures if a large proportion of participants are enrolled in these two types of programs. The following assessment comes from the Associate in a jurisdiction emphasizing these program activities:

> Currently, the region is spending twice as much money on on-the-job training as it is on classroom training and job search assistance combined. The transition year plan for the area called for equal allocations to classroom and on-the-job training; the State plan called for a ratio of roughly two dollars for on-the-job training to every dollar for classroom training. There is a lot of reluctance from most prospective employers to taking

a youth. This likewise leads to creaming in general, in order to get those most job ready into training slots. This even came up at a PIC meeting once -- that on-the-job training slots are often difficult to fill because the employers are so demanding, many not only wanting someone who is job ready, but also someone who has at least some experience in the prospective occupation. Given the heavy reliance on on-the-job training, the staff has been reluctant to do much arm-twisting to get the employers to take those they aren't very interested in.

In sum, selection of the most job ready takes place within an economically disadvantaged population. The factors encouraging SDAs to take this approach are (1) the need to produce desired results from within the eligible population, (2) a service mix emphasizing program activities with inherent selection built into them, and (3) the desire of service providers to meet the performance terms specified in their contracts.

Targeting Those Who Will Benefit Most from Training

Most SDAs in the sample indicated that they planned to serve those in the eligible population who would benefit most from the limited resources available. This "middle of the barrel" strategy may represent the best balance of selection procedures for an SDA that faces resource constraints combined with performance standards and wants to make sure that "JTPA is not CETA."

One SDA emphasized youths between sixteen and nineteen; because of the large number of youths in its population, the State required the SDA to spend 52 percent of Title IIA funds on youths. This SDA offered only limited services to persons over fifty-five, partly because PIC members and SDA staff felt these older workers were not interested in full-time employment and would be hard to place in on-the-job training slots. The Associate summed up the SDA's approach as follows:

> The PIC and staff are united in the philosophy to serve "those who are most able to benefit from JTPA services," which biases program participation away from the hard-core labor market disadvantaged. This view is strongly held by the staff who feel (on the basis of their CETA experience) that trying to serve the hard-core disadvantaged is a waste of time. This same philosophy is held by those members of the PIC who had experience in employment training programs (vocational education and Employment Service representatives).
>
> Another reason for targeting away from the least job-ready relates to the service mix, which for adults is geared primarily to on-the-job training. For this to generate high rates of positive termination, it is necessary to provide a good "match" between the program participant and the training slot. In practice, this translates into a program participant who is relatively job ready, with good work habits and some related work experience.

When discussing selection procedures, several Associates mentioned motivation or the willingness to enter and complete training. A number of SDAs believe that the limit on stipends and support payments deters those who are motivated only by the stipends and not by the training itself. However, the shift to more emphasis on training may also alter the selection procedures. The following discussion comes from an Associate in an SDA operated by a community college:

> Beyond the groups targeted, there is some emphasis on "job ready" clients. In order to be referred to training a client must be able to function on an eighth-grade English level and a seventh-grade math level if recently out of school. For those out of school for a longer period, the levels are seventh grade and fifth grade respectively. Clients who do not meet those levels are placed in basic education if slots are available. However, an individual must be functioning at a fourth-grade level to go into basic education.

The shift to a skill training program, more emphasis on high placement rates and performance standards, private-sector involvement, and the limitations on the use of stipends all contribute to the philosophy of serving those who will most directly benefit from training. The majority of the SDAs felt that their selection procedures were in concert with the intent of the JTPA legislation. This is exemplified by the assessments of two Associates in rather different SDAs. The first is from an SDA in a large city that had been a prime sponsor under the CETA program:

> The relationship between these large target populations and the SDA's service mix is very limited because of the prevailing philosophy among the employment and training staff of the SDA that emphasizes "trainability" as a central criterion for program selection. SDA officials contend that target population needs are vast and that JTPA resources are scarce. Combined with performance-based contracting incentives, these attitudes lead, not surprisingly, to an emphasis on selection of those who are most likely to benefit from training from the existing large target groups. If clients do not make the cut, it is not clear what happens to them. They clearly do not go into JTPA programs. There was general agreement among all those interviewed, from the president of the

community college to the major training subcontractor, that the goal was to serve those who could benefit from training and who were willing to work. Everyone kept emphasizing that "this is not CETA."

The other quote is from a rural SDA where the State is the administrative entity.

> In selecting individuals to participate in JTPA, the staff very consciously select those who have the best prospects of completing training and being placed. This is not hidden or viewed as something inappropriate but rather is considered to be an inevitable result of the legislation and the emphasis upon the private sector and placement. The SDA's current placement rate is 90 percent and the staff attributes that success to care in selection of clients. I should add that this targeting strategy does appear consistent with the service mix desired by the PIC with its emphasis on on-the-job training.

Targeting the Most in Need

Fewer than one in five jurisdictions attempted to target the most in need in the eligible population. Some mentioned a commitment to serving the most in need and making them employable. According to the Associate from one rural jurisdiction:

> A priority system was overlaid upon the fundamental program targeting (hard-core, most-in-need, unemployed) and the variety of mandated levels for a variety of groups. First priority is given to persons from multiple target groups, consistent with the most-in-need principle.

This philosophy is held by both the staff and the PIC. It was made more palatable to the local elected officials by adding those receiving general assistance as a target group in the hope of reducing local welfare costs.

As indicated earlier, various categories shade off into one another. This is illustrated in the following quote from an Associate in a large city that attempted to target the most needy and yet found itself selecting the more advantaged within its target groups.

> The three defined target populations and the percentage they represent of the total JTPA eligible population are as follows: (1) seventeen to twenty-one year olds, 29 percent; (2) twenty-two to forty-four year old high school dropouts, 39 percent; and (3) single heads of households who receive public assistance, 54 percent....
>
> The service mix responds to the generally low levels of education of the JTPA pool. Within that pool those who are most placeable in terms of factors such as communication skills and attitude are preferred. The PIC professes to deal with these skill deficiencies, but those already possessing them will be in a more advantageous position. The matter of spoken English communication cannot be fundamentally remedied in the length of time of most of the programs.

Dual Programming

Another interesting, but not new, variant of targeting is to have diverse entry criteria differing by the type of training offered and purposely structuring the program to serve more than one distinct group. Several SDAs used this approach. Two indicated that they served all three of the participant categories--the job ready, those who would benefit the most from training, and the most needy among the eligible population--and that they clearly recognized the differences among these groups by assigning them to different types of training. A third SDA served the most job ready and the neediest and even had targeted percentages for service (53 percent and 47 percent respectively). In addition, a number of the SDAs indicated that while, in general, they attempted to serve one group or another, they also ran smaller programs for the most needy in the population.

There were always special programs for the particularly hard to employ under CETA, so this kind of programming is not new; however, it appears to be a more conscious strategy under JTPA and may reflect the greater local autonomy to tailor programs to local needs and mesh JTPA with other activities.

There are two different strategies for running dual programming. The first can be called the "weighted average" approach. Part of the programming is designed to provide the more job-ready participants with short, low-cost service and place them in unsubsidized employment. This approach not only provides needed services to the job ready but also allows the SDA to meet the performance standards.

It thus allows SDAs to provide programs for the "riskier" individuals--those who require more intensive service or have less chance of being placed--and still satisfy the entered employment and cost per placement standards. From the example cited above, if 53 percent of the job-ready participants are put into on-the-job training, an activity with an average 80 percent placement rate, and 47 percent in a remedial education program with a 28 percent placement rate, the weighted average placement rate for both program components is 55 percent--the national placement standard for adults.

Where there is local disagreement about the most appropriate target group, this program may be ideal since the definition of the right group depends on a choice among worthy objectives.

The second strategy, which appears to be more prevalent, provides generally smaller programs for the most needy. The bulk of the program is operated for those most likely to directly benefit from training. If performance standards are to be met, only a relatively small amount of resources are left for an expensive and intensive program for those in need of basic skills training or remedial education. Often these special programs are targeted, as noted above, to those with especially severe barriers to employment such as dropouts, the handicapped, offenders, displaced homemakers, and older workers.

This approach has the advantage of meeting the performance standards set by the Federal Department of Labor, the State, and the PIC while still providing some service to the most disadvantaged. These programs may be important, especially where these groups of disadvantaged persons are involved in making program decisions.

This type of programming is also advantageous because it often is at least partially supported out of 6 percent or 3 percent set-aside money and does not come under the performance standards. However, enrollees are served under Title IIA and can be included in the enrollee and terminee characteristics report.

The following Associate assessment illustrates a conscious decision to have this kind of differential programming:

> The PIC's overall philosophy of <u>actual</u> targeting appears to be a mix of strategies. They want to serve job-ready applicants, believing that these individuals will be most successful in obtaining employment. The job ready are also the most attractive to employers, whom JTPA should serve as well. In addition, however, the PIC wants to serve the most needy and those who are not job ready. This is reflected in the service mix, which includes a cross section of programs. Thus some JTPA programs are selected for the most needy (GED, English) and some for those who are job ready (job search) and those who are the most trainable (OJT and some classroom training).... The emphasis, however, appears to be on those who are most job ready.... Relatively few slots are available in GED and English.

During the earlier observation, we noted in the SDA report that two programs were being offered in one jurisdiction, a large city that had been a CETA prime sponsor. One program, operated by the grant recipient (the city), was targeted on the most disadvantaged among the eligible population. The other, operated directly by the PIC, was based largely on the use of on-the-job training and was designed to serve employers. That arrangement has been maintained. However, the proportion of the resources devoted to the PIC-operated program has increased from 15 percent to one-third of the Title IIA allocation.

6.5 Conclusions

No jurisdiction is serving <u>only</u> the most job ready or <u>only</u> those most in need. All provide some service to each group; the differences are in the degree and the direction of their attention. These differences in emphasis nevertheless are sufficiently evident to allow development of the categories of targeting strategies discussed above.

Several aspects of an SDA's program are related, such as procedures for outreach, choice of participants, the mix of services provided, and strategies for placement. These elements of the selection procedure are consistent with the philosophy of the PIC and the interests of the various constituencies within the jurisdiction.

Finally, provisions for more local autonomy and private-sector input have reduced the emphasis under CETA on enrolling persons who need extensive services. However, virtually all jurisdictions have to some degree emphasized significant segments and special target groups. In summary, the program has retained the basic character of a public program designed to serve those who need labor market assistance.

7. TITLE IIA SERVICE MIX AND OUTCOMES

Once Title IIA participants have been selected, what types of training do they receive, and how do they fare in the job market after they leave training? This chapter focuses on those questions.

Specifically, this chapter presents information on how many enrollees were placed in each kind of training, how many were given each kind of training at some time during their stay in JTPA, how many found jobs after training, what wages they earned in those jobs, and how much JTPA money was spent for each trainee who obtained a job. It also discusses the extent to which participants were paid stipends or need-based payments.

In the winter 1984 round of field research, the Associates were able to obtain preliminary information on Title IIA services by interviewing local program operators, inspecting SDA plans, and, to an extent, reviewing SDA operations data. For the latest round, however, the Associates discovered that reliable, comparable data were not available for all SDAs, for reasons explained in Appendix A, at the end of this report.

To obtain the information we sought for the SDAs in our sample, Field Associates would have needed to search the files for every participant, a task they were instructed not to perform. As a result, this chapter relies heavily on the findings of the Job Training Longitudinal Survey (JTLS), which gathers data on JTPA enrollees and terminees in a nationally representative sample of 194 SDAs. Some information in this chapter was gathered by the Field Associates from on-the-job training contracts in our smaller sample of SDAs.

7.1 JTLS Findings

The JTLS is sponsored by the U.S. Department of Labor, and the data is collected by the Bureau of the Census, which examines administrative records maintained by Service Delivery Areas. One component of JTLS is known as the "quick turnaround" (QT) data, administrative data collected and reported each quarter. Separate QT reports are issued on current enrollees and on people who have left JTPA training programs. This chapter uses QT data for the transition year (October 1983 through June 1984).

Title IIA Enrollment

The estimated total enrollment in Title IIA programs during the nine-month transition period was 585,700. JTLS classifies new enrollees according to the first activity in which they participate, called the "initial program assigment." The distribution of new enrollees by major category of initial program assignment follows:

Initial Program Assignment	Estimated Number	Percent
Classroom training	234,200	40
On-the-job training	130,300	22
Job search assistance	123,100	21
Work experience	40,500	7
Other	57,800	10
TOTAL	585,700	100

NOTE: Numbers do not total due to weighting and rounding.

An estimated two-fifths of all new enrollees during TY84 entered classroom training as an activity. More detailed data indicate that of those participating in classroom training, over 80 percent were in some kind of skills training as opposed to basic education.

About one-fifth of new enrollees were first assigned to each of two other types of training: on-the-job training and job search assistance. The "other" category -- the first assignment of one-tenth of new enrollees -- is a catch-all for less common program types, such as counseling, assessment, or supportive services only.

Only an estimated 7 percent of enrollees enter a work experience program initially. This finding reflects the restriction on subsidized employment under JTPA. More detailed data show that less than 30 percent of all those entering work experience (an estimated 11,000 nationally) entered in-school programs.

When we break down the initial program assignments for adults and for youths (under twenty-two years of age at the time of JTPA application), we obtain the following figures:

Initial Program Assignment	Adult New Enrollees Number	Adult New Enrollees Percent	Youth New Enrollees Number	Youth New Enrollees Percent
Classroom training	146,800	41.3	87,400	37.9
On-the-job training	92,300	26.0	38,000	16.5
Job search assistance	75,000	21.1	48,100	20.9
Work experience	10,300	2.9	30,100	13.1
Other	30,900	8.7	26,900	11.7
TOTAL	355,300	100.0	230,500	100.1

Higher proportions of youths are enrolled in work experience programs and lower proportions in the traditional training programs, especially on-the-job training.

Of all new enrollees in the JTLS sample, 39.3 percent were youths. This proportion is up slightly from the first six months of JTPA operation but still below 40 percent. This means that expenditure on youths is below the 40 percent of Title IIA dollars required by the act.

Title IIA Terminations

An estimated 350,300 persons were terminated from Title IIA during the transition year (TY84). This estimate, combined with the earlier total for new enrollees during the same period, means that an estimated 235,500 participants carried over into program year 1984 (PY84).

The following table shows the distribution of terminees by program activity. These figures are based on all types of activities that the terminees participated in during their stay in the program, not just the initial assignment. Most participants finish the program in the same type of activity they started in, but some participate in more than one major activity; on termination, these people are classified as participants in multiple activities.

The estimated distribution of terminees from Title IIA during TY84 was:

Program Activity	Estimated Number	Estimated Percent
Classroom training	127,900	37
On-the-job training	76,300	22
Job search assistance	81,800	23
Work experience	25,100	7
Multiple and other activities	39,200	11
TOTAL	350,300	100

The percentage distribution by activity differs only slightly from earlier data on new enrollees. The slight shift into the "other" category is due to the participants with multiple activities; the slight increase in the proportion with job search assistance is due to the typically shorter stays associated with this type of activity.

Program Outcomes

JTLS data permit us to compare how closely the SDAs in the JTLS sample came to meeting national standards for certain aspects of program outcomes. Keep in mind, however, that standards for a particular SDA can be adjusted to reflect local conditions, as explained in Chapter 10.

The percentage of Title IIA terminees who find jobs after they leave the program is called the "entered employment rate" (EER). The nationwide EER standard for the transition year was 58 percent for adults and 41 percent for youths.

The JTLS estimates of the EER for adults and youths are given below by program activity.

Program Activity	Entered Employment Rate		
	Adult	Youths	All Terminees
Classroom training	57	54	56
On-the-job training	80	73	78
Job search assistance	72	72	72
Work experience	67	34	42
Other	73	52	64
OVERALL	69	57	64

The overall EERs were well above the national performance standards for both adults and youths. Adult terminees from classroom training missed the mark by only one percentage point, but youth terminees from work experience failed to meet the national performance standards for placement at termination by seven percentage points.

It should be noted that a substantial proportion of youths who terminated from work experience programs had been enrolled in in-school programs, which have an EER of just over 20 percent. It might be more appropriate to consider program outcomes other than employment as positive for youth. Such outcomes as entering the armed forces, returning to school, taking other training, completing a major education level or, for those under sixteen years of age, completing program objectives, are, in fact, considered positive outcomes for youths. The overall positive outcome rate for all youths is 66 percent; for youth terminees from work experience, it is 54 percent. The national performance standard for the youth positive termination rate, however, is 82 percent.

Wage at termination is another standard of performance set at the national level for adults who entered employment. The national standard is $4.90 per hour.

The hourly wages at termination from JTLS for all terminees during TY84 are provided below by program activity and for youths and adults separately.

Program Activity	Average Hourly Wage Rate at Termination		
	Adults	Youth	All Terminees
Classroom training	$4.83	$4.20	$4.60
On-the-job training	$4.85	$4.18	$4.67
Job search assistance	$4.70	$3.97	$4.46
Work experience	$4.66	$3.73	$4.06
Other	$4.62	$3.91	$4.38
OVERALL	$4.77	$4.06	$4.53

None of the average wages equals or exceeds the performance measure. Adult terminees from classroom and on-the-job training come within a nickel an hour of the average wage standard, but terminees from other types of activities fall short by twenty cents or more.

For Title IIA participants who entered jobs after classroom training, the placement wage averaged $4.60 per hour; for terminees from on-the-job training, it was $4.67 per hour. In past training programs, on-the-job training terminees have typically earned more than classroom training terminees. Under JTPA, however, terminees from basic skills training who entered employment had an average wage of $4.70, higher than for both on-the-job training terminees and other classroom training terminees.

7.2 Emphasis on OJT

On-the-job training (OJT) has been more heavily emphasized under JTPA than it was under CETA. During the transition year, more than one-fifth of JTPA Title IIA enrollees were in on-the-job training programs. JTLS data show an estimate of 22 percent, and Field Associates found an average of 21 percent for the twenty-four SDAs in our study where disaggregated data were available from administrative records. In fiscal year 1976, on-the-job training programs enrolled 9 percent of all CETA participants except those in youth work experience programs. During the next four fiscal years this share ranged from a low of 10 percent to a high of only 11 percent.[1]

[1]The Continuous Longitudinal Manpower Survey, Report No. 14 Westat, Inc. Prepared for Office of Program Evaluation, Employment and Training Administration, U.S. Department of Labor, January 1982.

These figures for CETA, however, include participants in public service employment, which accounted for 35 to 45 percent of all CETA participants but is not an allowable activity under JTPA. If we exclude both public service employment and youth work experience participants from the CETA figures, on-the-job training accounted for 15 percent of CETA participants in FY 1979 and 19 percent in FY 1980. These figures are still lower than the on-the-job training percentages for JTPA, but only slightly lower. Thus the size of the increase for on-the-job training depends on which method of comparison is used.

Of the twenty-four SDAs for which Field Associates were able to gather detailed enrollment data, more than half enrolled at least one-quarter of their TY84 participants in OJT slots. In one SDA, on-the-job training enrollees accounted for 95 percent of total participants; in another SDA, the figure was 60 percent.

Percent Enrollees In OJT	Number of SDAs	Percent of SDAs
0- 15	8	33.3
16- 30	7	29.2
31- 45	6	25.0
46- 50	1	4.2
51-100	2	8.3
TOTAL	24	100.0

According to Field Associates, many reasons for this increased emphasis have been cited, including the following:

1. Wages paid to participants who find jobs provide "direct and immediate benefit to the client" and avoid the need for subsistence payments.

2. Emphasis on outcomes or the use of performance-based contracting implies high placement rates.

3. A shift to economic development concerns, along with more direct private-sector involvement through the PICs, induces closer relationships between private business and SDA operations. The on-the-job training contacts and contracts are often a direct result of these closer relationships.

In many SDAs a greater on-the-job training emphasis was limited only by their inability to negotiate additional contracts. In several SDAs, officials said the market for on-the-job training slots was saturated. Even though eligible clients were available, not enough employers could be found.

Development of On-the-Job Training Contracts

According to reports from the Associates, SDAs use two basic kinds of approaches in developing on-the-job training contracts with employers. In one approach, the SDA lets contracts, usually through an RFP process, to subcontractors. The subcontractors perform all of the necessary promotion and contract negotiation to develop the slots, although the SDA might have veto power with respect to each contract. Most of these subcontracts are performance-based, and a majority of the subcontractors are community-based organizations. Although this is a service provided by the Employment Service in all SDAs in the sample, Employment Service is not a major on-the-job training contractor. The SDAs where on-the-job training was subcontracted were generally large, and most indicated no particular increased emphasis on these activities.

In the second model for on-the-job training slot development, the SDAs perform all necessary promotion and contract negotiation functions using their own staff of job developers. Sixty-five percent of the SDAs developed contracts through in-house job developers working as staff of the PIC or administrative entity. Most SDAs that emphasized on-the-job training used job developers rather than an on-the-job training subcontractor. These were generally the smaller or more rural SDAs. In a few cases, businesses sought out the PIC or SDA staff in order to set up a contract, and the SDA simply wrote the contract.

The actual development of training slots varied somewhat, even among SDAs using their own staff job developers. Some assigned developers to particular types of businesses or industries, while others had geographic areas or specific territories to cover. Some developers had no other assignments while others had additional staff duties. In any case, the procedure itself also varied and its success often depended on the relationship between the PIC and the local business community.

In the typical procedure, a contract was developed with an employer for a particular job opening. Several eligible individuals would then be sent to the employer, who would interview them and select one or more. Sometimes on-the-job training slots were developed for specific eligible individuals. In these cases, negotiations for the contract included a specific client or clients. In one instance, there was evidence that some training slots were developed from existing employment situations. That is, the job was filled by the employer, then the SDA was contacted to determine if the new employee was eligible and, if so, an on-the-job training contract was written for the job.

On-The-Job Training Contracts Under JTPA

With few exceptions, on-the-job training contracts negotiated by the SDAs were with small, local businesses. Also, most contracts involved training for a single job, although frequently the employer would sign a new contract after the trainee had completed the first program.

The estimated percentage distribution of the number of hours of training contracted for in Title IIA contracts is given below. These data were derived from a sample[2] of on-the-job training contracts randomly selected from each of the SDAs in our study.

Number of Weeks	Percentage of Contracted Jobs
Less than 6	13
6 - 10	19
11 - 14	25
14 - 20	23
21 - 26	15
More than 26	5
TOTAL	100

The average length of training for an on-the-job training contract was 611 hours, or just over fifteen weeks. However, this average is influenced by a few contracts for more than fifty weeks. The median length of the sample OJT contracts is thirteen weeks.

This does not mean that the median length of time a JTPA participant actually spends in on-the-job training is thirteen weeks, however. JTLS data show that the actual median for TY84 was 11.8 weeks. The main reason actual stay is less

[2] In each sample SDA, a random sample of twenty OJT contracts was obtained. The information presented may be thought of as equally weighted across the SDAs rather than proportional to the enrollment of participants within the SDAs. Theoretically, the sample could have included 800 contracts. However, some SDAs did not have any OJT contracts and some had a total of less than twenty OJT contracts. The final sample is composed of 609 contracts.

than called for in contracts is that a significant number of people in on-the-job training leave training early, either because they quit or are hired full-time. A second but less important reason is that some OJT slots for which contracts have been written are never filled. SDAs sometimes cannot find qualified applicants to fill slots that require relatively high skill levels. Because the contracts for these slots typically call for long training periods, failure to fill them creates a gap between median data for contracts and median data for actual trainees.

The median length of stay in on-the-job training under JTPA is shorter than it was under CETA, by as much as two to three weeks. Data for CETA are available from the Continuous Longitudinal Manpower Survey (CLMS), a research effort similar to JTLS. Because CLMS data exclude people who stayed in training programs for less than eight days, the JTLS data on JTPA have been adjusted to make them comparable. When this is done, the resulting data show that for CETA participants who entered on-the-job training during FY80, the median length of stay was fourteen weeks for youths and fifteen weeks for adults. For JTPA, the comparable figure for TY84 was 12.1 weeks, with no significant difference between youths and adults. JTLS is expected to produce more detailed data on this point at a later date.

In many SDAs, most on-the-job training contracts were for entry-level jobs that paid the minimum hourly wage of $3.35 or close to it. However, there was wide variation. Many sampled contracts were for jobs with hourly wages of $7, $8, or even more. In some SDAs, most training slots were in service occupations while in others the majority were in mechanical or operative occupations.

An indication of the skill levels called for in on-the-job training slots may be obtained from the wages specified in the contracts. The percentage distribution for all sampled contracts, by selected wage intervals, follows:

Contract Hourly Wage	Percentage of Contracts
Less than $3.50	16
$3.50 - 4.49	32
$4.50 - 5.49	31
$5.50 - 6.49	11
$6.50 and more	10

Of jobs described in the sample of on-the-job training contracts, the average hourly wage was $4.75. The average is pulled up slightly by a few contracts with very high wages. The median hourly contract wage was $4.50.

This average wage is somewhat less than the national performance standard for placement wages of $4.90 per hour.

Because this national standard can be adjusted for a particular SDA to reflect local conditions, however, we compared actual wages with the local standard on an SDA-by-SDA basis. That is, each SDA's adjusted wage standard was compared with wages specified in the sample of training contracts for that same SDA. Only 44 percent of the contracts had average contract wages that equaled or exceeded the performance standard for the SDA in which the contract was written.

In sum, a JTPA participant is about twice as likely to be placed in on-the-job training as a CETA participant was, but JTPA participants typically have a shorter stay than their CETA counterparts did. Because nearly four out of five participants find jobs (78 percent for all terminees during the transition year), on-the-job training helps raise the overall placement rate (EER) and helps lower the cost per placement. However, the average wage of terminees from on-the-job training is now lower than the average wage of terminees from classroom skill training. Further, based on the average wage for the sample of contracts from the process study, slightly more than half of these contracts have wages below the performance standard for the SDA. Therefore, on-the-job training as a program activity does not help most SDAs meet their performance standard for the average wage at placement.

7.3 Stipends and Need-Based Payments

Section 108 of JTPA states that a maximum of 30 percent of an SDA's Title IIA allocation can be used for purposes other than training. Further, no more than 15 percent of the allocation can be used to cover administrative costs. If the entire 15 percent is used for administration, SDAs can use the remaining 15 percent to pay stipends or provide need-based support services, or both. In addition, half of all wages paid under a work experience program (excluding youth tryout employment) must be counted toward the 30 percent limit. SDAs may apply to the State for a waiver of the 30 percent limit if additional support is needed for hard-to-serve target populations.

In the winter 1984 observation of JTPA implementation by SDAs, Associates found that only two of the sample SDAs applied for waivers of the limit. And, while two-thirds of the SDAs in the sample paid some form of stipend or need-based support, the payments were substantially lower than those under the CETA program. The limit on stipends was reported to have two effects. First, it limited the ability of program operators to enroll youth participants and caused them to focus program activities on eligibles with alternative sources of assistance, such as AFDC recipients. Second, there was evidence that many SDAs turned to short-term training to reduce the need for stipends.

In this round of observation, Associates found that SDA staff and PIC members generally accepted the fact that Congress intended to limit payments to trainees. Nevertheless, SDAs differed in their responses to this limit.

Two clear groups of SDAs were found. In almost three-quarters of the SDAs in the sample, officials feel the limits effectively weed out program eligibles who are more interested in collecting a stipend than learning a skill. Most of these SDAs pay no stipends and provide need-based payments only to a limited number of participants.

In the remaining SDAs, the support limits are thought to be unnecessarily restrictive. Some officials indicate that the limits have hurt their ability to enroll youths and the "more needy" adults, and forced an abandonment of long-term training programs. Four of these SDAs have sought waivers of the support limits, while others have taken steps to offset the problems attributed to the limit.

SDAs That Pay Small or No Stipends

The first group consists of twenty-seven SDAs. In these SDAs, the local philosophy is consistent with the perception that Congress did not want people paid to participate in training. SDA officials argue that a waiver application and subsequent payment of large stipends would send out the wrong signal to persons they believe are primarily interested in collecting a stipend. An Associate from an SDA with this philosophy explains:

> The SDA has sought no waiver from the 30 percent limit.... The SDA has decided as a matter of policy not to pay stipends and has limited need-based payments to transportation and child care expenditures. The absence of stipends is not because of the 30 percent limit but is rather the result of SDA and PIC policy. The PIC wants JTPA to be a training program with motivated participants, not a social welfare program....

In another SDA where JTPA services are provided through several subcontractors, PIC members and service providers applaud the stipend limits in the law. The director of a major community-based organization feels large stipends attract "program hoppers -- individuals who jump from one Federal training program to another in response to the stipends." Two PIC members from this SDA argue that the stipend limits ensure that only those serious about training will be served.

Seventeen of the twenty-seven SDAs in this group pay no stipends. Instead, they make need-based payments to help defray the costs associated with participation in the JTPA program. These payments are usually made in the form of transportation allowances, child care assistance, and meal expenses.[3]

[3]Stipends and need-based payments in these SDAs are generally distinguished as follows: Stipends are additional payments made to all program participants during the training period. Need-based payments are funds provided to select groups of program participants to cover specific expenses such as child care costs.

Most of the other ten SDAs in this group provide small stipends each week or month. Several of these allow service providers to set support levels. A few SDAs still limit the need for large stipends by targeting Title IIA resources on program eligibles receiving unemployment insurance payments or public assistance. An Associate explains:

> The SDA does not provide need-based payments.... The PIC's rationale was that current support payments of $16 weekly for those in classroom training was sufficient for the needs of the client population, more than 60 percent of whom receive some form of public assistance....

SDAs That Provide Substantial Support Payments

Thirteen SDAs approach the support payments issue slightly differently. Four of these requested a waiver of the 30 percent limit; the other nine provide nearly the maximum amount of allowed support through various combinations of stipends and need-based payments.

Officials in the SDAs in this group insist that the limits on support make it harder for them to enroll disadvantaged persons in long-term training programs. In addition to granting need-based payments or stipends to some participants, these SDAs have tried to offset these problems by reducing support payments and providing shorter-term training programs, such as on-the-job training, that generate immediate income; reducing work experience as a program activity; moving stipend payments from the nontraining support category and including them as a training cost in fixed unit contracts; keeping administrative costs down through heavy reliance on performance-based contracting and using the money saved to pay stipends; and generating outside funds as a source of needed support payments.

The following quotes from several Associates typify some strategies:

> To comply with the strictures, the SDA has limited need-based payments to $1 per hour, based on attendance. In addition the SDA has reduced the length of training programs and has diminished the role of work experience. To meet client needs for income, the SDA has moved to increase reliance on on-the-job training and selects the more job ready for training....

In another SDA:

> The SDA did not request a waiver of the 30 percent limit.... The SDA has reduced its emphasis on work experience and limits need-based payments to $20 per week for those with no other income. The PIC provides an on-site day care facility with a training component, and this enables the PIC to split day care costs with training....

In a large SDA:

> In terms of need-based payments, most participants receive...$5 per day up to $25 per week. However, participants receiving unemployment compensation in excess of $25 per week and those receiving upgrading

> or retraining wages will not receive a need-based payment.... Inmates of correctional institutions and in-school youths receive $2 per day.... The [SDA] has not applied for a waiver because they believe the State would not approve it.

From an Associate in an SDA seeking a waiver of the support limits:

> The SDA staff whom we interviewed underscored that the limits have affected youth participation in the JTPA program. The $4 per day stipend is almost nothing. In order to attract youths, the SDA is currently examining ways to change its tryout employment and work experience options. The SDA, moreover, would like a waiver of the 15 percent cap for work experience activities and has been working with the State to articulate a defensible case on this issue....

8. YOUTH IMPLEMENTATION ISSUES

The JTPA legislation mandates that 40 percent of Title IIA expenditures be on participants between the ages of sixteen and twenty-one. Preliminary findings from the earlier round of the study indicated that for various reasons, the youth expenditure requirement would be a problem for many SDAs, and was likely to substantially affect service mix, participant characteristics, and SDA-State relations.

During the observation which is the basis of this report, Associates were asked to respond to various questions related to State and SDA implementation of the youth expenditure requirement. Specific issues included how States and SDAs handled, and the extent to which they suceeded in meeting, the youth expenditure requirements; the factors that contributed to their success or lack of it; the characteristics of youth JTPA participants; and the overall effect of the 40 percent expenditure requirement on State-SDA relations.

8.1 Youth Participant Characteristics

For the transition year, the characteristics of youth JTPA enrollees may be contrasted with adult enrollees using data from the Job Training Longitudinal Survey (JTLS). A comparison of characteristics is shown in Table 8-1.

Table 8-1. Youth and Adult Enrollees, TY84 (Percentages)

Characteristic	Youths/Under 22	Adults
Percent of total enrollees	38	62
Sex		
Male	51	51
Female	49	49
Ethnicity		
White	49	58
Black	36	28
Hispanic	11	9
Other Minority	4	4
Family Status		
Single parent	12	28
Parent in two-parent family	5	27
Other family member	49	12
Nondependent individual	34	34
Annualized Family Income		
Less than $6,000	73	80
$6,000 - $9,999	16	12
$10,000 - $15,999	8	5
Greater than $16,000	3	3
Percent receiving AFDC or general assistance at time of application	23	26
Percent dislocated workers	6	24
Percent UI claimant or UI exhaustee at time of application	6	33

With respect to demographic characteristics, there is no difference in representation by sex between youth and adult participants, while nonwhites are represented in slightly higher proportions among youth. Regarding family income, youth participants appear slightly less disadvantaged than their adult counterparts, with a slightly higher proportion falling into the upper income categories. In addition, the receipt of either AFDC or general assistance is slightly lower for youths than for adults.

As expected, a much smaller proportion of youth participants are parents, while a much larger proportion of youths (almost 50 percent) are dependent family members. Finally, and again as expected, youth participants appear much less experienced in the labor market, than adults, as shown by the percentages who were dislocated workers and the percentages who were receiving unemployment insurance compensation or had already exhausted their unemployment insurance.

8.2 Youth-Related Issues at the State Level

States may alter the general 40 percent youth expenditure requirement to adjust for variations among SDAs in the proportion of disadvantaged youths in the total population;

such adjustment was made in twenty-nine of the SDAs sampled. States can also grant waivers from the requirements, as was done for two SDAs.

On the other side of the coin, States also may add to the Federal targeting requirements for youths. They may specify certain subcomponents of youths for targeting and performance measures and standards, and may add performance measures and standards related to either youth service levels or outcomes.

About two-thirds of the States sampled identified youths in general, or subcomponents of youths, as a statewide target group. The other third either did not specify youths or did not name any statewide target groups. In addition, five of the twenty States sampled specifically identified school dropouts for service, while others identified minority youths, youths with special needs (especially school dropouts), and "at risk" youths (especially potential dropouts and teenage mothers) as specific subcomponents of youths to be served.

With respect to the performance measures, most sample States did not add to or modify the Federal measures for youths. For about 73 percent of the States, the performance measures established by the State for both TY84 and PY84 were the same as those established by Federal guidelines. (See Chapter 10 for a discussion of these measures.) These measures were the entered employment rate, the positive termination rate, and cost per positive termination. The remaining States only slightly modified these basic three. One State added a "special population" entered employment rate (which was added for TY84, but deleted for PY84). Another substituted cost per entered employment for the Federal cost per positive termination category for TY84, but then returned to the Federal measure for PY84. Still another State added enrollment and placement measures and standards for females, minorities, and the handicapped.

Given their performance measures and standards, about 80 percent of the sample States anticipated problems meeting the youth standards. The most troublesome of the three appears to be the positive termination rate. For youths, a "positive termination" can be not only finding a job but also entering the armed forces, taking other training, going back to school after having dropped out, or mastering certain "competencies" specified by the SDAs. One Associate reported that the State had set its expected positive termination rate too high, erroneously believing that youths who simply continued in school could be counted as positive terminations.

Several Associates reported that the main reason their State had failed to meet either the positive termination standard or the cost per positive termination standard was the lack of established youth competencies. As one Associate writes:

> ....it is expected that, in general, SDAs will do very well in meeting or exceeding adult performance standards (with the possible exception of the average wage at placement), but may do poorly in meeting youth performance standards. The reason for the latter is that many SDAs do not as yet have youth-based competencies in place, so that measured positive terminations will be low.

In this case, the problem is seen as short-run: once the youth-based competencies are in place in PY84, no problem with achieving youth performance standards is expected.

A final issue relates to the the State-SDA relations over the 40 percent youth expenditure issue, which is explained later in this chapter. State and SDA responses suggest that the youth requirement is an important issue, but so far is not a problem for SDA-State relations. In general, SDAs feel that their States have responded to their concerns, either by adjusting the regulation appropriately or by granting waivers to the requirement. In addition, some States have apparently promised leniency to SDAs that do not achieve the requirement -- at least for the transition year. Several SDAs, for instance, reported that their States do not view it as a liability issue. In the words of one Associate:

> ....this SDA is very oriented to goal achievement. The SDA did not meet the 44 percent target set by

the State for youth expenditures; but it did achieve 39.2 percent. It is seen as a slight problem from the point of view of twisting the program in the direction of youths. It is not seen as a problem for disallowed costs since the State has indicated they do not regard this as grounds for disallowed costs. This SDA is engaging in more professional advertising for youth participants, but the basic truth is that the lack of stipends hurts the youth program seriously. On the other hand, if there is no penalty for missing the expenditure goal, there is little incentive to try harder.

8.3 Service Mix for Youths

While the SDA report form for this phase of the study did not explicitly ask the Associates to discuss the service mix for youths, about half (nineteen SDAs) gave specific information on the types of training programs their SDAs have established for youths. Of those reporting on this topic, six noted that no special service mix existed for youths. In these SDAs, adults and youths participate in essentially the same types of training programs, or special youth programs are very small. In the remaining thirteen SDAs, however, the Associates identified one or more special training programs designed specifically to serve a majority of that SDA's youth population.

These programs, and the number of SDAs reporting their use, are listed below:

Program	Number of SDAs Reporting Use
Tryout employment	7
Exemplary youth programs	6
Work experience	3
Youth employment competencies	3
On-the-job-training	2
Classroom training	2
Pre-employment training for high school seniors	2
In-school computer literacy	1
Special youth counseling	1

While this list is not exhaustive, it does indicate the types and relative importance of the various training programs designed explicitly for youths.

Exemplary youth programs include preemployment skills training, entry employment, or services to aid in the transition from school to work. Tryout employment provides up to 250 hours of part-time employment during the school year or full-time employment during the summer in private firms for students who do not plan to attend college. These should be jobs for which they would not otherwise be considered. While the youths are in tryout employment they are provided compensation out of JTPA funds in lieu of wages. Youth employment competencies are specific skills or educational attainments recognized by the PIC.

8.4 Special Target Groups for Youths

The act requires all SDAs to enroll a substantial number of youths, and identifies special target populations within the youth category. The choice of special youth target groups may be expected to reflect demographic variations between SDAs, as well as the SDA's view of which particular groups, if any, are most in need of service.

The choice of a particular youth target group may affect the SDA's ability to achieve targeted performance standards. Specifically, since continuing in school cannot be counted as a positive termination for a youth participant, some SDAs choose to target program participation away from high school juniors and toward high school seniors, school dropouts, or high school graduates. Slightly over half of the Associates reported that their SDAs had included "youths" as a "significant segment" in their two-year plans, and most further identified one or more special subcomponents of youth to be served. By far, the most frequently identified special youth group was high school dropouts, identified about 73 percent of the time. Other special youth groups identified by some SDAs included high school graduates, teenage parents, and unemployed or underemployed youths. In seven SDAs, high school seniors were identified as a special target group, with two SDAs establishing special training programs for them.

While the evidence from this phase of the study indicates that SDAs did not recruit high school juniors, the motive is not clear. A few Associates reported that performance standards considerations kept their SDAs from trying to attract these students. In fact, most SDAs stayed away from high school students in general, choosing to serve either dropouts or high school graduates. It is clear, however, that when SDAs elected to serve high school students, they uniformly chose high school seniors over juniors.

8.5 The 40 Percent Youth Expenditure Requirement

In the earlier phase of this study, a majority of SDAs indicated some concern over their ability to meet the youth expenditure requirement. The 40 percent requirement for SDAs may be adjusted by States to account for variations in the incidence of youths among the local disadvantaged population. Of the forty sample SDAs, twenty-nine (73 percent) received such an adjustment. The adjusted spending requirement in these SDAs ranged from a low of 26 percent to a high of 52 percent. In addition, SDAs may petition the State for a waiver of their youth expenditure requirement. Only two of the forty SDAs sampled asked their States for a reduction in their adjusted youth expenditure requirement, and both requests were granted. The distribution of adjusted youth expenditure requirements for the sample SDAs is as follows:

Adjusted Expenditure Requirement	Percent of SDAs
Less than 35 percent	23
35 percent - 39.9 percent	26
40 percent	27
40.1 percent - 45 percent	12
Greater than 45 percent	12

Note that of the twenty-nine SDAs receiving adjustments away from the 40 percent level, about two-thirds were adjusted downward, while one-third were adjusted upward.

Although only two SDAs asked for a waiver of their youth expenditure requirement, virtually all Associates reported that their SDAs were having difficulty meeting their required levels. In explaining why they had problems in enrolling large numbers of youths, SDA officials most often pointed to the Act's limit on supportive services, which restricted the availability of stipends and the potential size of work experience programs. Both stipends and work experience are attractive to youths. Still, most Associates reported that their SDAs would attain their adjusted youth expenditure requirements. One Associate, who was sure his SDA would make its requirement, reported:

> This SDA is the only SDA in the State that surpassed the 40 percent youth requirement in the transition year. When asked how this was accomplished, the SDA administrator said they bought computer equipment for every school district in the SDA. The computers permit self-directed remedial work using computer-directed teaching packages, and assure that JTPA-eligible youth will become minimally computer literate. In addition, the SDA is programming a large tryout employment program for youth.

While the SDA is expected to make its youth expenditure requirement, the Associate continued:

> Everyone we talked with considered the youth requirement too high. They thought that programs that would not receive funds got them because of the pressure to spend youth monies.

The preliminary data available during the interview period showed that of the forty SDAs sampled, twenty-five (63 percent) believed they would make their youth expenditure requirements, while the other fifteen (37 percent) were either doubtful or were sure that they would not.

Because not all SDAs appeared likely to meet the required expenditure levels, it is important to identify, if possible, those aspects of the JTPA program that contribute either to success or to failure in meeting it. Several key factors were identified from the Associates' reports. First, it is clear that the youth expenditure requirement was not taken equally seriously by all SDAs. Others, viewing the requirement as a potential liability issue, are taking the requirement very seriously. As one Associate reports:

> Legislative mandate had a tremendous impact on program mix; the youth requirement controlled the first cut of the dollars, between adult and youth service; a program mix which assured that the SDA stay within the 30 percent administrative and service requirement, and within 15 percent administrative necessity (thus virtually no work experience program was available).

By contrast, two Associates reported that the major reason their SDAs would probably not achieve their youth expenditure requirements was because they were not really trying. In both cases, this lack of effort was due to the perceived lack of penalties for not making the requirement for TY84. As one Associate notes:

> Obviously, the SDA is having great difficulty during the transition year in meeting the youth expenditure requirement. The SDA has done nothing special because it does not believe that any penalties will be attached to failing to meet this requirement during the transition year. For PY84, they do expect a penalty and believe they can meet the youth expenditure requirement.

One Associate, reporting on an SDA that was unlikely to meet the requirement, summed up the problem as follows:

> The staff feels that there are four major factors which make it difficult to enroll sufficient youth: First, out-of-school youths generally live at home, which means family income may make the youth ineligible. Second, there is no money (stipend) involved which causes many (the Director says "most") youths to lose interest quickly. This is particularly true of in-school youths. Third, for in-school youths there is little time. Many travel substantial distances to and from school. In addition, the new State-mandated curriculum leaves no free period during regular hours. Finally, most youth programs, particularly in-school programs, are less expensive than adult programs per participant because there are no support services involved.

Two SDAs that rely heavily on performance-based contracting cited subcontractor problems. The first SDA reported that it had, so far been unable to find a subcontractor willing to train youths. The second relied on its subcontractors to recruit youths in acceptable proportions to adults, but they had so far failed to accomplish this.

A few Associates reported that their SDAs had established special recruiting or administrative procedures for their youth component. Interestingly, this appears to be neither a necessary nor a sufficient condition for success in attaining the youth expenditure requirement. One SDA, using local community-based organizations to help recruit youths, attained its requirement, while another, which had established a special application procedure for youths, did not. Still another SDA used its 10 percent "window" for nondisadvantaged participants to cover, among other groups, school dropouts and teenage parents, but was unable to achieve its requirement. Program mix appears to be more important in determining an SDA's ability to achieve its youth expenditure requirement. As discussed above, while many SDAs established large-scale programs specifically designed to serve youths, a large proportion did not. Among the sample SDAs, the relationship between the existence of special programs for youth and success in achieving the requirement is as follows:

	Percent of SDAs Expected To Make Their Youth Expenditure Requirement	Percent of SDAs Not Expected To Make Their Youth Expenditure Requirement
SDAs with Special Programs for Youths	90	10
SDAs without Special Programs for Youths	12	88

In general, where SDAs were able to establish special youth programs, such as customized classroom training or, more importantly, exemplary youth programs, work experience, or tryout employment, they achieved their youth expenditure requirements. Some SDAs thought it essential to establish special programs for youths. One Associate writes:

> ....heavily targeting youth has been necessary because of the 40 percent expenditure requirement. Nearly 60 percent of the enrollments in the 1983-84 year were for youths. Special youth programs have been major contributors to the youth effort. In fact, without special exemplary youth programs, it is highly unlikely that the 40 percent requirement could realistically have been met by this SDA.

In contrast, where an Associate reported that the SDA was not expected to meet its requirement, either the SDA had no special service mix for youth or the mix did not include exemplary youth programs, work experience, or tryout employment.

An extreme example of the effect of the lack of special services for youth is found in two SDAs where the service mix, geared for adults, consisted mostly of on-the-job training. In both cases, the Associates traced the SDA's inability to meet its youth requirement directly to its unwillingness to offer other types of training. In the words of one Associate:

> The SDA is not able to meet its 40 percent expenditure on youth requirement and, in fact, is now at about 27 percent (through May) after a strenuous effort. The major constraint, again, is that the PIC has required that 70 percent of expenditures be on OJT. Experience has been that most employers do not want to choose youths for OJT programs when older persons are available. Given a choice between someone twenty-six and someone else who is eighteen the employer will almost always choose the older individual. Thus, the SDA simply cannot handle this requirement. The SDA

staff has considered setting up programs just for youths to provide instruction on resume writing or job search skills to get a higher body count, but has rejected that approach. More money could be spent on youths in such a manner, though it would not provide any positive results. Thus, the SDA chose to try to enroll additional youths both in OJT and its regular classroom training approach. This hasn't been enough to get to 40 percent.

8.6 Summary

Most SDAs targeted one or more subgroups of youths to be served, with high school dropouts cited most frequently. Most deemphasized service to high school students, but when they were selected for service, it was usually for high school seniors rather than sophomores or juniors. In a few SDAs, this lack of service to sophomores and juniors can be linked to performance standards considerations, where continuing in school cannot be counted as a positive termination.

Two-thirds (68 percent) of the sampled SDAs established one or more special programs to serve youth participants, most frequently tryout employment, exemplary youth programs, work experience, and programs designed to provide youth employment competencies. Factors cited as reasons why an SDA did not establish special youth programs included (1) a conflict with other SDA priorities; (2) the spending limits imposed by the act, which constrain the potential size of work experience programs and limit availability of supportive services; and (3) to a limited extent, apathy.

The 40 percent expenditure requirement seems to affect JTPA programming substantially at both State and SDA levels. Almost three-fourths of the sampled SDAs received an adjustment away from 40 percent. Most Associates reported that their SDAs would make their adjusted expenditure requirement, but would have to strain to do so. It follows, then, that the requirement has generally resulted in larger expenditures on youths than would have been otherwise. It further follows, however, that if youth expenditure levels are enforced, the effectiveness of the training provided may be reduced. Several Associates reported that, at the SDA level, local officials voiced a concern for youth spending designed to simply "get the body count up."

Various factors appear to contribute to an SDA's ability to meet its adjusted youth expenditure requirement. In a few cases, indifference or apathy were primary causes of failure, especially when the SDA saw no State-level penalty for this. In most cases, however, the reasons for the expected failure were related to problems associated with serving youths. The availability of a special service mix for youths seems to contribute greatly to the SDAs' ability to successfully meet their youth expenditure requirement.

Many SDAs, then, still have problems establishing special youth programs and meeting the legislated youth expenditure requirement. Local conflict with adult programming and JTPA-mandated expenditure limits on traditional youth programs (such as tryout employment or work experience) make it difficult to establish a service mix for youths. In turn, the lack of a special program mix for youth makes it hard for the SDAs to meet their adjusted requirement. Until reconciled, this conflict between allowable program mix and the expenditure requirement promises to be a continuing implementation problem.

Finally, these problems may eventually spill over into State-SDA relations. A substantial number of Associates indicated that the SDAs in their States have begun to press States for some relief from the youth requirement or the legislatively imposed limits on work experience and supportive services. Except for adjusting the youth requirement between the SDAs and providing some technical assistance, however, the States have been able to do little. If they are forced to sanction SDAs that either do not meet their adjusted youth expenditure requirement or do not meet their youth performance standards, the youth issue can be expected to measurably increase antagonism between the States and their SDAs.

9. THE TITLE III DISLOCATED WORKER PROGRAM

The dislocated worker program, authorized by Title III of the Job Training Partnership Act, has an entirely different focus from the rest of the act. While other sections seek to target training resources on the economically disadvantaged, Title III is designed to assist workers who have lost their jobs or are at risk of losing their jobs because of plant closings and massive layoffs due to technological change.

Although a similar strategy was used to retrain a small portion of the labor force during the early days of the Manpower Development and Training Act of 1962 (MDTA), employment and training programs over the last two decades have been geared to economically disadvantaged youths and adults.[1] Title III, therefore, represents a renewed interest in the welfare of workers thought to be structurally displaced from the labor market.

A major element of Title III is the role it provides the States to design and implement the program. Many management, coordination, program planning, and oversight responsibilities that were traditionally functions of the

[1]For a discussion of the evolution and impact of federally funded training programs, see Charles R. Perry, et al., The Impact of Government Manpower Programs, Manpower and Human Resources Studies, No. 4 (Philadelphia: Industrial Research Unit, The Wharton School, University of Pennsylvania, 1975).

Federal government have been shifted to the State level. States have almost complete authority over how the program is targeted, how resources are distributed, and what services will be provided.

9.1 Major Elements of State Title III Programs

This section discusses some major aspects of State Title III programs, including the focus on training, sources of funds, organization and policy issues, and allocation strategies.

Emphasis on Training

The legislation requires that 70 percent of all Title III funds be devoted to some sort of training activity. In addition, the U.S. Department of Labor (DOL) built into the Title III budget a cost per participant of over $6,000 for TY84 and over $7,000 for FY84. These figures carry an implicit assumption that dislocated workers will benefit most from institutional training. However, early reports indicate that dislocated workers have special problems and needs requiring more than one strategy. For example, many Title III eligibles held high-paying jobs for a number of years. The skills learned in those occupations were narrowly defined and not transferable to other occupations with similar wage rates. In such cases, service providers are finding it necessary to provide counseling aimed at reducing participants' postprogram expectations. Other dislocated workers are desperately in need of financial a istance and personal counseling. Still other eligibles prefer immediate job search assistance to spending time in a training program. In general, personal financial concerns favor strategies that produce immediate employment, such as job search and on-the-job training as opposed to long-term training programs.

Allocation Provisions for Title III

Federal funds for Title III programs are allocated two ways, which differ in their requirements for State matching funds. The principal method, by which 75 percent of the money is distributed to the States, is a formula allocation based on three factors:

1. The State's relative share of the number of all unemployed persons in the country;
2. The State's share of the number of "excess" unemployed persons in the country, with "excess" defined as those above 4.5 percent of the civilian labor force; and
3. The State's relative share of persons unemployed for longer than 15 weeks.

Each State must match these Federal funds with an equal amount of non-Federal public or private funds, but the amount of this required match is reduced by 10 percent for each percentage point that the State's average unemployment rate exceeded the national unemployment rate in the prior fiscal year.

Second, the Secretary of Labor can allocate up to 25 percent of the Title III funds at his discretion. States apply for these funds to meet special needs beyond those that can be met from the formula allocation. No State matching is required for grants from this discretionary fund.

Sources of Title III Funds

Title III programs in the early stages of JTPA were funded from four different "pots" of money:

1. For Federal fiscal year 1983, more than $18 million was distributed to the States in February 1983 by formula. Later, a second allocation of over $63 million was made from the Emergency Jobs Bill (Public Law 98-8).

2. In September 1983, the Secretary announced that the $26 million discretionary fund was available to assist States

particularly hard hit by conditions that led to the dislocated worker program.

3. During October and November 1983, more than $70 million was distributed by formula for the nine-month transition period, from October 1, 1983, through June 30, 1984.

4. Funding for the twelve-month program year 1984 (July 1, 1984, through June 30, 1985) brought the total amount of Title III funding available to well over $200 million.

<u>Organization and Policy Issues</u>

The creation of a larger State role in the dislocated worker program required attention to some key issues during the earlier Phase 1 analysis of Title III. As noted earlier, the Governor is not bound to allocate funds according to geographic or political boundaries, nor is the State required to let program operators decide eligibility criteria or service mix.

Because the States have almost complete discretion[2] over the use of Title III funds, there is interest in how the

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[2]However, all Title III programs, other than those operating on a statewide or industry basis, must be submitted for review and recommendations to the PIC and the elected officials of any SDA in which they operate (Sec. 305). Further, full consultation must take place with a labor organization before a Title III program provides services to a substantial number of its members (Sec. 306). Also, the statewide coordination plan must address Title III activities.

sampled States targeted and allocated resources. The first phase of this study found that as of January 1984, two-thirds of the States in the sample (fourteen out of twenty) allocated Title III resources by issuing requests for proposals (RFPs) for projects in areas experiencing plant closings and layoffs. The other six States kept funding at the State level and operated the dislocated worker program through State agencies.

It should be emphasized, however, that the earlier observation period for the Phase 1 study was conducted during the early stages of JTPA implementation. Title III arrangements were a small part of the effort to put an administrative structure in place for an entirely new program.

Under these circumstances, it is legitimate to ask whether the organization of Title III was initially designed largely to get a new program started and, therefore, whether the organizational arrangements could be expected to change as the program matures. Conversely, were the early strategies indicative of developing trends in State-level Title III organization?

Different Allocation Strategies for TY84

Early in the transition year (January 1984), fifteen of the twenty States had not obligated all of their previously received Title III funds. In at least two States, no funds had been obligated[3]. However, only four of the fifteen States report changes in the allocation mechanisms used for the rest of the transition year (see Table 9-1).[4] The reported changes are:

> In one State, Title III funds are earmarked for the SDAs; then individual projects are selected on a competitive, project-specific basis by the State.
>
> In a second State, Title III allocations are determined for each county government by formula; then specific projects are funded.
>
> In a third State, projects are selected through an RFP procedure.
>
> In the fourth State, projects are selected through a noncompetitive process by State Department of Labor officials.

[3]See Robert Cook et al., State Level Implementation of the Job Training Partnership Act (Rockville, Md.: Westat, Inc., May 16, 1984).

[4]Because most States had not completed organization of their Title III programs by the close of the Phase 1 observation period in January 1984, the current analysis examines the organizational patterns or changes made during the rest of the transition year. The final section of this chapter briefly examines the developing implementation patterns for PY84.

Table 9-1. Organization and operational status of Title III funding commitments in 20 States through TY84

Total FY83 and TY84 Title III Formula Funds, EJB and Secretary's Discretionary Funds = $94,775,000

Project Operational Status

State	*Phase I Allocation Mechanism	*TY84 Allocation Mechanism	Percent Formula Funded	Percent Earmarked for SDAs	Percent of Allocation: Start-Up No Enrollees	Percent of Allocation: Operating	Percent of States Completed	Percent of Allocation Reserved for Contingency	Percent of State's Allocation Not Obligated
1	2	1	-	-	1.8	81.4	12.5	4.3	-
2	4	4	-	-	-	78.3	-	21.7	-
3	2	2	-	-	-	94.7	-	-	5.3
4	4	4[2]	-	-	-	100.0	-	-	-
5[3]	1	1	-	-	43.0	1.6	50.3	-	5.0
6	4	4[2]	-	-	-	78.9	-	21.1	-
7[1]	1	1[2]	-	-	-	100.0	-	-	-
8	4	4[2]	-	-	-	68.1	31.9	-	-
9	2	2	-	-	7.5	54.7	22.4	-	15.4
10	4	4	-	-	100.0	-	-	-	-
11	1	1	-	-	-	99.2	-	-	.01
12	2	2	-	-	-	53.1	45.4	1.5	-
13	1,5	1,5	70.6	-	-	12.9	14.7	-	1.8
14	1	1	-	-	-	88.1	-	11.7	-
15	1	2	-	-	-	87.1	9.1	-	3.9
16	2	3	-	52.1	-	25.3	-	22.6	-
17	4	4	-	-	-	92.3	.06	-	7.0
18	2	2	-	-	8.8	85.1	-	-	6.1
19	1,6	7	19.0	45.6	1.1	34.3	-	-	-
20	4	4	-	-	27.9	44.7	-	-	27.3
Total by Status (thousands of $)			$2,401	$15,794	$6,150	$52,884	$9,836	$5,577	$2,133
Percent of Total Funds by Status			2.5	16.7	6.5	55.8	10.4	5.9	2.3

*Categories for Allocation Mechanism are:

1 = General RFP process (Statewide coverage not guaranteed)
2 = Project basis for specified areas
3 = Funds earmarked for SDAs and distributed through RFP process
4 = Statewide Non-RFP
5 = Formula-funded to specific SDAs/counties
6 = Formula-funded to all SDAs/counties
7 = Predetermined allocations distributed to each SDA/county on a project basis

[1] This State did not stipulate that SDAs could not apply. However, no program operators were SDAs.

[2] These States obligated all FY83, EJB, and TY84 Title III funds during FY83.

[3] The operational status of this State's Title III projects was computed from contract dates and, therefore, may not be precise.

The other eleven States entering the transition year with unobligated resources from fiscal year 1983 organized their Title III programs the same way as in FY83.

Overall, by the end of the transition year, ten States were allocating Title III funds to specific projects on an RFP basis; one State earmarked funds for the SDAs and distributed the money on an RFP basis; seven conducted statewide Title III programs; one distributed predetermined allocations to county governments on a project basis; and one used a dual approach, distributing 75 percent of its Title III funds by formula and the other 25 percent by RFP.

The RFP process remained popular for these reasons:

1. It enhances State control by allowing States to select only those projects consistent with State policies (often for economic development);

2. It ensures that meritorious projects will be selected -- a particular concern when resources are limited;

3. It allows States to target resources on projects in areas with severe problems; and

4. It entails minimum State input in local program planning and operation.

A number of Associates noted problems with reliance on an RFP process. The major complaint with the process continues to be the lengthy procedural requirements which, some officials feel, prevents a quick response in urgent situations. Another problem is the addition of more technical requirements and detailed guidelines for the RFP process, which has resulted in a systematic bias against many small operators from rural SDAs. Some State officials acknowledge that some type of formula arrangement might be more equitable to these smaller areas but the consequent "spreading" of the funds might reduce the overall the impact of the Title III program.

Problems have also arisen in some States that operate statewide programs. The most common problem was the State agencies' inability to mount a program. In one State, this was attributed to "competition and rivalry" among agencies. To combat this problem in the transition year, a dislocated worker team, with a member from each agency as well as the private sector, was set up to plan and manage program development. The State Employment Service was contracted as a program operator and began providing services through its local offices.

Another State operating a statewide program stopped targeting specific projects such as plant closings and expanded the scope of the program. In each SDA, the State funded a "Special Employment and Training Service Center" in the local Employment Service office. The following account by the

Associate describes the fiscal 1983 problem that led to this change:

> The State had substantial problems with program implementation (under the early approach) and was not spending money on time.... State staff were not familiar with the local politics, business, and union issues. There were problems defining what a dislocated worker is...and bureaucrats were unable to consummate an effective working relationship between local government, management, and labor leaders....

Under the new approach the centers serve anyone who "walks in" and meets the basic eligibility criteria. The Associate in this jurisdiction feels that past problems are solved by the "walk-in" approach, since the staff need not have a working relationship with the area elected officials and unions.

Title III Funding to SDAs During TY84

The winter 1984 phase of this study found that only a limited amount of Title III funding was passed on to the SDAs: only 4.8 percent was channeled to SDAs on a formula basis and 15 percent on a project basis, for a total of less than 20 percent of the funds. This gave the first indication that Title III was to be a State-run program. The SDAs, however, have criticized the States' handling of the programs as detailed in Chapter 3. Consequently, the Associates were asked to collect similar Title III allocation data for the second phase of the study.

As shown in Table 9-2, the States have continued to control the dislocated worker program. Since the Phase 1 observation in January 1984, the proportion of Title III funds distributed to SDAs by formula actually decreased, from 4.8 percent to 2.5 percent. This can be attributed to one State's decision to reorganize the allocation of funds originally planned for direct SDA funding. Another State continued formula funding 75 percent of the allocation to the SDAs in the transition year--a decision backed by the State Council--but the State agency responsible for the Title III program is fighting to retain all Title III funds at the State level for PY84. State officials believe that the dislocated worker program is the Governor's and should be incorporated into the Governor's policy agenda.

Associates report that States increasingly are funding projects operated by SDA administrative entities while retaining decisionmaking authority for the State itself. Generally, this project funding approach has evolved as part of a State effort to target Title III resources on programs aligned with an overall State economic development plan. An additional $19 million has been made available to SDAs through individual projects (see Table 9-2). This brings the total amount of funding available for the SDAs to $32 million, or 34.7 percent of the total.

Table 9-2. Title III FY83, EJB, TY84, and Secretary's Discretionary Funds available to the SDAs through a formula fund arrangement on a project basis

State	Phase 1 Total Allocation	Phase 1 Formula* to SDAs	Phase 1 Project Basis to SDAs	Phase 2 Total Allocation	Phase 2 Formula to SDAs	Phase 2 Project Basis to SDAs
1	2,197	-	-	1,707	-	-
2	9,758	-	-	9,758	-	-
3	2,945	-	-	3,445	-	-
4	9,277	-	18.1	9,277	-	64.1
5	16,533	-	40.0	22.031	-	57.4
6	2,428	-	2.2	3,028	-	2.0
7	172	-	-	172	-	-
8	3,971	-	7.6	3,971	-	7.9
9	11,071	-	10.4	11,071	-	10.4
10	3,707	-	-	3,951	-	-
11	436	-	-	521	-	-
12	313	-	-	313	-	-
13	3,617	-	3.6	4,616	-	13.6
14	9,474	40.6	4.5	9,474	19.0	54.5
15	567	-	28.6	567	-	27.3
16	983	-	26.4	766	-	33.9
17	1,334	-	-	1,334	-	-
18	5,148	-	33.0	5,148	-	68.3
19	851	40.0	-	852	70.6	1.5
20	2,473	-	21.7	2,773	-	18.0
Total by Status (thousands of $)	$87,255	4,185	$13,109	$94,775	$2,401	$32,749
Percent of Total Funds by Status		4.8	15.0		2.5	34.7

*Most programs with Title III funds allocated on a project basis to specific SDAs, are jointly administered by the administrative entity and a local employment office.

State Targeting For Title III

The act targets Title III services to unemployed people who have lost their jobs due to labor market changes. Specifically, Section 302 of the act identifies three groups eligible for Title III:

1. People who have been terminated or laid off, cannot collect unemployment insurance because they are ineligible or have exhausted their entitlement, and are unlikely to return to their previous industry or occupation;

2. People who have been terminated because of the permanent closing of a plant or facility; and

3. People who have been unemployed for a long period and have limited opportunities for finding work in the same or a similar occupation near where they live. This includes older persons who have trouble finding new work because of their age.

The act gives States the responsibility for identifying dislocated workers[5] and great latitude in determining who will be served. States can allocate funds on a statewide basis or by project; they can base the distribution on geography, industry, occupation, or age; they can fund particular projects with their own targeting criteria; or they can leave targeting decisions to program operators.

[5]The legislation (Section 302.b) stipulates that States may allow local PICs to assist in identifying dislocated workers.

Target Population

The earlier report on State-level targeting noted that States made decisions about targeting, project selection, and organizational strategies simultaneously. In several States targeting decisions evolved slowly, lagging behind other Title III activities. This section examines how targeting has evolved on the State level.

During the transition year, five States--a quarter of the sample--narrowed the eligibility criteria. These States organized their dislocated worker programs on an RFP/project basis. Targeting decisions were generally made by officials of the State agency administering the program. Staff members from these departments have assumed responsibility under Title III for many functions handled by the State Council under Title IIA. Only one State Council was able to play a policymaking role for Title III.

A State's interest in targeting decisions and Title III program organization often reflected its desire to use the dislocated worker program as a tool for economic development. There was also concern that the broad language of the law would lead to project-level targeting inconsistent with the States' overall plan for using Title III resources. The following quote from an Associate in a State that developed more specific selection criteria typifies this concern:

> Initially the only eligibility guidelines given Title III grantees were those contained in the JTPA. After Dislocated Worker Centers had been operating for several months, the State analyzed a sample of Title III participants and concluded that many did not meet a reasonable definition of a dislocated worker. Because the statutory definition was considered by the State to be far too vague, the State developed new regulations designed to be far more specific....

States devised specific criteria so that program operators would distinguish between a narrow group of workers legitimately displaced from the labor market and those suffering from periodic spells of unemployment. Two States targeted services to persons unemployed because of layoffs due to technological change, foreign competition or a permanent plant closing. In one State, these criteria led to a project for 1,200 workers laid off from one of the area's major automobile plants--the State's largest Title III project to date.

One example of narrowing the focus of eligibility criteria occurred in a State that organized Title III through a network of community colleges. The following excerpts from a policy letter explain the State's position on targeting:

> The State Title III program is not intended to serve individuals from growing occupations whose unemployment is the result of short-term changes in the economy associated with the business cycle.... The State Title III program is not intended to serve individuals with a marginal attachment to the labor force. Individuals enrolled in Title III should have been employed in their occupation long enough that the loss of employment constitutes a significant dislocation from the labor force....

In this State, a person is eligible for Title III if he or she worked for at least three years in a particular occupation, and if employment in that occupation was growing slower than overall employment in the State. Further, the applicant must have been terminated from a job in that occupation within three years of the time of application (although other full-time work was allowed during this "adjustment period"), and seeking a job for at least one year.

Three other States limited Title III services to the long-term unemployed. On the grounds that the program was not intended to update the job skills of persons who had not worked in several years, they gave priority to people who were eligible for, were receiving, or had recently exhausted unemployment insurance payments.

Seven sample States did not add to the targeting in the legislation, but chose projects that met unwritten State "threshold" requirements. This shifted project targeting to local operators, allowing them flexibility to identify dislocated workers in their labor market area. However, final approval of the targeting decisions was reserved to the States. Officials in these States point out that imposing specific eligibility criteria on local operators introduces unnecessary rigidity in the program. One State in this group dropped its detailed targeting requirements because feedback from program operators suggested that workers obviously displaced from the labor market were being excluded from the program.

Perhaps the best example of how targeting decisions evolved in these States is given by an Associate from a large industrialized State:

> The State has made a basic policy decision that Title III will be devoted to the population that, without training, remedial education, and employment assistance would have little chance to return to the private sector. The target population, therefore, is primarily those who through plant closings and business failures are suddenly unemployed. Others are not barred on a case by case basis, but the primary focus is as described.... Given this broad policy ... the State's view is that local SDAs-PICs are the best equipped and the most knowledgeable to formulate projects.... Eligibility requirements are for the most part project specific. (However) the greatest (State) attention and priority is focused on those areas dramatically affected by sudden and large increases in the unemployed....

Another State in this group allocated Title III resources by a formula measuring the local unemployment rate as a percentage of the statewide average. A second State used labor market data to identify areas of high unemployment with declining industries. Dislocated worker projects were then selected competitively in these areas. In this State, most Title III funding was distributed to projects serving workers laid off from the petroleum refining, chemical, food products, and fabricated metals industry.

Eight of the twenty sampled States had no particular focus on specific groups of dislocated workers. Targeting decisions are left to program operators, although some States provide limited guidance. Four of these States operate statewide Title III programs; the operators are usually State agencies. In these States, the policy is to serve anyone who "walks in" the door, or to provide services individually. Locating the program in State agencies is thought to ensure that program operators will identify and serve dislocated workers.

The Title III Matching Requirement

To qualify for Title III funds, each State must provide matching funds equal to its formula-funded allocation for fiscal year 1983, the transition year, and PY84. As noted earlier, the match is reduced by 10 percent for each percentage point that the State's unemployment rate exceeded the national average in the prior fiscal year.

The earlier research found that most States designated matching sources but passed the responsibility of generating the match to program operators. The sources most often used were the employer's share of wages paid under an on-the-job training contract; the participants' unemployment insurance benefits; in-kind contributions from State staff services, such as labor market information from the Employment Service; and the non-tuition costs of community colleges and State vocational and technical schools. Some States that relied on these sources were forced to use on-the-job training almost exclusively, or to concentrate enrollment efforts on persons with unemployment insurance benefits or those interested in attending vocational school or community college.

In this observation, Associates report little change in the States' handling of the match requirement. As Table 9-3 shows, nineteen of the twenty sample States were subject to the

Table 9-3. Sources of Fiscal Year 1983 and Transition Year 1984 Title III Matching Funds Designated by the State

TOTAL	20 States
Match required	19
Match requirement passed to subgrantees with designated matching sources	11
Match requirement passed to subgrantees without designated matching sources	5
Match requirement met at State level	3

Matching Sources	*Number of States
Employer's share of OJT wage	10
Unemployment compensation	8
State staff services and State in-kind contributions	8
Private sector in-kind contributions	5
State cash appropriations	3
Local revenue	3
Private sector cash contributions	2
Severance pay	1
Health benefits	1

*Because most States designated more than one matching source, the figures sum to more than twenty.

requirement.[6] Eleven passed this responsibility on to program operators; five passed it to subgrantees without designating a source for a match; and only three met the requirement through appropriations by the State legislature.

The most commonly used sources for generating the match continue to be the employers' contribution for wages paid under on-the-job training contracts (ten States); unemployment insurance benefits paid to enrollees (eight States); and in-kind contributions from State staff services or the nontuition share of the budget for State institutions providing Title III services (eight States). Five States used in-kind contributions from the private sector.

The use of employment insurance benefits, the employee's share of on-the-job training wages, and in-kind contributions as the source for the match means that the match does not generate any additional resources for the program. In six States, Associates report that the match is met almost entirel_ .rough in-kind contributions. An Associate from one of these States explains:

> The State has not provided any match for projects but instead has required the program operator to provide it. In all instances this is done by in-kind matching. No one believes that additional resources are being committed to JTPA because of the match requirement.

[6]One State was not required to match the Federal allocation because of its high unemployment rate.

Program operators put up half the cost of the program.... Community colleges are able to provide a match by allocating staff time and overhead cost to the project....

An Associate from another State reports:

The non-Federal matches for Title III projects appear to be mostly in-kind. The sources of in-kind matching which have been used include plant equipment, supervisory time, personnel managers' time, and plant facilities such as work/training space.

By relying on in-kind contributions, States avoided the problem of trying to locate program operators who could generate the required match by enrolling unemployment insurance recipients. This, in turn, has allowed the operators to broaden their program targeting. The Associate from one State explains:

Nearly all the match (in this State) is in-kind funds and involves no actual cash match. With the rise of the (statewide) program, the match has become more esoteric. A memo from the Employment Security Field Office Director was lauded because it identified imaginative ways of creating matching resources.

Even the three States appropriating "real" (cash) matches for the program also encourage operators to generate acceptable matches. It is possible that these States will reallocate their appropriation if local operators can provide the required match.

Although liberal use of in-kind matching sources has significantly reduced the problems of meeting the matching requirement, three States continue to report problems.

Paperwork was the problem in two States; several proposals were withdrawn when the contractors were informed of the paperwork requirements associated with the match. In the third State, officials pointed out that their management information system is not equipped to identify unemployment insurance payments to Title III participants.

9.2 Title III Build-up

The initial build-up of Title III was slow. As of mid-January 1984, more than 39 percent of the funds had not been obligated by the States and another 19 percent was committed to projects that had not enrolled participants. Problems with program organization and operations were reported to be a function of the delay in funding for TY84; early State attention to organizing activities under Title IIA; the use of an RFP process for distributing Title III dollars; competition among State actors for control over the program; and the reliance on unemployment insurance benefits as a major source for meeting the match requirement.

Table 9-1 indicates that many build-up problems from the early stages of program development have been corrected. By the end of June 1984, more than $94 million had been made available to the 20 sample States.

Of this amount:

2.5 percent was allocated by formula directly to selected SDAs;

16.7 percent was earmarked for projects within SDAs funded through a State RFP;

6.5 percent was committed to projects that had not begun to enroll participants as of August 1984;

55.8 percent was committed to projects that had begun enrolling participants;

10.4 percent was committed to projects that have completed operations;

5.9 percent was being reserved for contingency funding by the States; and only

2.3 percent had not yet been committed.

As these figures suggest, sample States had no problems meeting the Department of Labor's obligation deadlines for TY84. Only one of the three States that reported problems meeting the deadline[7] had more than 7 percent unobligated. Further, only one State reported requesting an extension of the TY84 deadline.

[7]In six States where officials reported that TY84 deadlines, were met, a small percentage of unobligated funds was observed.

There are numerous reasons why States overcame the implementation problems observed early in the transition year. Three States decided to simply distribute Title III funds to their existing service providers. One of these sent TY84 dollars directly to the regional Employment Service offices instructing them to spend the money by June 30, 1984. In another State the Associate notes:

> Without the development of the Employment Security Department's project (implemented by local Employment Service offices), the percentage of nonobligated funds for the transition year would have been disastrous. The State recognized this in late winter...and thus developed the (project model) in hopes of expediting the funding of Title III activities....

Officials from the third State expressed little concern over the unobligated Title III funds in TY84. According to the Associate, the State decided to distribute the money by project to avoid the cumbersome RFP process and quickly obligate Title III resources by funding programs in "major old-line State agencies."

Four States eliminated earlier allocation problems by renewing projects funded during the first fiscal year of the program. This strategy helps the State obligate funds in a timely fashion, but, of course, assumes that the FY83 funding decisions remain appropriate.

In several States, project funding levels were increased after problems developed with other funding commitments. One Associate reports:

> In January, 1984, we reported on four Title III projects.... Only the two operating projects have survived. The two projects in start-up were cancelled before they enrolled any participants due to questions which surfaced concerning the financial and administrative capacities of the service providers.... One of the operating projects has been increased. Workers laid off from (another plant) have been declared eligible for the program...and total funding has increased from $336,707 to $476,272....

Other State officials who had difficulty obligating Title III funds during FY83 suggest the problems were merely due to starting a new program. Several of those States made Title I deadlines and Title IIA activities their first priority. Once these issues were settled, they turned their attention to the dislocated worker program. Allocation activities picked up after the decisions were made about how the program should be administered. Two other States credit early development and consistent use of the same allocation strategy as major factors behind their rapid obligation of funds during TY84. The Associate from one such State notes:

> This State was already positioned to obligate funds to projects.... Obligation of funds

begun as soon as firm allocation figures were provided by Department of Labor. Thus there was no carryover of FY76 and [illegible] funds into the transition year and, similarly, transition year funds had been obligated by March 30, [illegible].

9.4 Title III Expenditure Rate

As noted earlier, by the end of the transition year the sample States had obligated slightly over 97 percent of their Title III funds for the year. However, their expenditure of these funds fell substantially short of the amount obligated. As reported in their Annual Status Reports, they had expended slightly less than two-fifths (38.9 percent) of the $94 million allocated through the end of the transition year. One quarter of the sample States reported less than 25 percent of their funds were expended. Half of the States indicated between one quarter and one half of their funds were expended and one quarter of the States reported more than half of their funds expended. Only two of these States indicate that they spent more than three quarters of their allocation.

Given these results, an examination was undertaken of why the rate of expenditure in the transition year was so slow. First, there appears to be underreporting of expenditures during the transition year. Several Associates reported that the expenditure in their State, as reported, was incomplete or that it would be several months after the end of the observation period before they had complete reporting from the individual projects funded in the State.

To further examine this question we obtained copies of the final Annual Status Reports submitted to the Department of Labor and calculated the cost per terminee based on the reported information. Four of the States had a cost per terminee of less than one thousand dollars, nine indicated a cost per terminee of between one and two thousand dollars, and seven States had a cost per terminee of more than two thousand dollars. The low cost per terminee figures are suggestive of underreporting of expenditures.

Calculated cost per participant information also supports this conclusion. Four States had a cost per participant of under $500, fifteen were under $1,000 and eighteen were under $2,000. This underreporting of expenditures seems to stem from two sources. First, the use of performance based contracting means that funds are paid out only when the performance requirements are met, not when the actual expenditures are made. Second, expenditures from some projects are reported only after the completion of the project. These two factors, along with the general problems some States are experiencing with attempts to develop centralized management information systems, have resulted in an artificially low expenditure rate.

There are, however, some programmatic factors that have worked to slow the States' ability to spend Title III resources. The central factor relates to the novel aspects of the program. In some States, new service providers required extensive training for intake procedures and eligibility determination. As one Associate points out, "Title III is a new program and the State is not accustomed to designing programs for dislocated workers." Several States continue to grapple with the issue of devising eligibility criteria. Program operators in at least three of these have experienced technical problems or hesitated to determine eligibility for fear of audit exceptions. The following quote from the Associate in one State illustrates this problem:

> The (State) has had great difficulty with eligibility determination. The SDAs have been unwilling to proceed with Title III programs until the issue is resolved.... The major problem is how to handle individuals who are dislocated but have taken a temporary job at a low wage to support their family. An employee who is laid off at Boeing and takes a temporary job at McDonald's is technically employed and not eligible for Title III. This has created problems for the SDAs and the State.

Other States point to the inability to attract workers to the program who have become victims of plant closings. Many of these workers "persist in thinking that the plant will reopen and are therefore slow to take advantage of the job training offered through Title III." They often rely on severance pay and unemployment insurance benefits to cushion the impact of unemployment while waiting for the plant to call them back to work. This has presented special problems for Title III operators that have targeted services on unemployment insurance recipients or relied on unemployment insurance benefits to provide the required match for Title III funds.

Associates from four States with expenditure rate problems point to State decisions to operate the program outside the SDA system as a major factor slowing the enrollment process. Administrative entities in the SDAs have staff in place and established relations with local industries, unions, and elected officials. Funding projects outside of this system requires the State to spend time developing these relationships instead of building up enrollments.

Finally, several States have set aside a percentage of Title III funds as a contingency for emergency plant closings. However, an improving economy has reduced the number of closings in some of these States. Some officials have decided to reobligate the contingency fund to operating projects, while others will reallocate the funds in PY84. In either case, the expenditure rate is reduced.

9.4 Title III Service Mix

The service mix employed during the first fiscal year for Title III reflected the flexibility granted the States to select activities and the variety of local operators who determined the activities in their projects. Program operators had the option of providing job search assistance, job development services, customized training for occupations in demand by employers, support services, pre-layoff assistance to workers who received notification of termination, and relocation assistance.

Specific changes in project-level service strategies are difficult to observe at the State level,[8] but several patterns emerge. States continue to defer to the service mix decisions to local operators. In eighteen of the sample States, local operators devised service strategies with minimal State guidance or assistance. State officials usually communicated only broad policy goals through State service plans or RFPs,

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[8]Attempting to observe the service mix at the State level poses two significant problems. First, projects established by formula-funded arrangements usually cannot be identified. Second, project descriptions provided by State administrators do not reflect the relative emphasis given to a particular service.

leaving specific service mix to the operators. An example of this is observed in a State linking the Title III program to the expanding occupations in the State's economy:

> Economic development and expansion of employment opportunities are critical parts of a comprehensive displaced worker program. Not only must retraining opportunities be made available to workers with obsolete skills, but jobs must be linked with the development of retraining programs. The program will therefore pursue policies that directly link retraining to economic development efforts.

The flexibility the States have for determining eligible activities and the discretion granted local operators in shaping individual programs are the key reasons for the second observed pattern in service mix--extreme variety.

Several States continue to fund projects designed to locate immediate employment for Title III participants. The premise underlying this approach is that the displaced worker can find a new job with improved job search skills, such as resume writing, practice interviews, and completing job applications. These States recognize that many dislocated workers urgently need immediate income instead of a training program. The job search or "job club" efforts are often supplemented with job development and job placement components. In addition, an array of counseling services is sometimes provided to help participants come to grips with their employment problems.

Other States are funding projects to provide displaced workers with new job skills. Typically, these projects target workers whose skills are considered obsolete, and who are affected by specific plant closings. These programs combine classroom and vocational training for specific occupations with on-the-job training contracts with small businesses.

There are indications that the length of time spent in these skill training programs is considerably shorter than under past employment and training programs. Some operators feel that many Title III participants already have skills and need minimal retraining. Others find it difficult to convince participants to engage in long-term training for occupations that may pay less than their previous job.

9.5 Future Organizational Arrangements for Title III

To determine the direction State dislocated worker programs are taking, we examined how the States organized and distributed Title III resources during fiscal year 1983 and TY84. With few exceptions, the sample States seem determined to maintain control of the Title III program. The goals of coordination and incorporation of Title III into the Governors' policy agenda have outweighed any concerns about the effects of funding projects outside the SDA system.

Plans for program year 1984 indicate that there will be little departure from this philosophy. Of the eighteen States that had completed organizational plans for PY84 at the time of the observation for this study:

> Six States plan to operate statewide Title III programs;
>
> Five States will target specific areas and fund projects in these areas;
>
> Four States will distribute Title III funds by RFP;
>
> One State will allocate program funds to projects submitted through the SDAs;
>
> One State will formula-fund its entire PY84 allocation directly to the SDAs; and
>
> One State will distribute predetermined allocations to SDA-operated programs on a project basis.

As these arrangements indicate, future SDA involvement in the program will be limited to those SDAs that are able to win specific projects. The fact that almost half (nine) of the sample States plan to distribute resources on an RFP or project basis does ensure a minimal role for SDA officials. The PY84 shift to direct formula funding to the SDAs in one State and another State's plan to select projects recommended by SDAs are attempts at decentralization. At the same time, however, other State officials are concerned about the inefficiency of RFP procedures and are searching for ways to speed up (that is, centralize) future decisionmaking.

9.6 SDA-Operated Title III Projects

The fact that the law does not require direct funding of Title III to the SDAs and the desire to make it a State program has, as discussed, resulted in the widespread funding of projects outside the SDA delivery system and the organization of statewide Title III programs. In the earlier observation of this study, seven of the twenty-two SDAs received funding to operate nine Title III projects.

In this phase of the study, the number of sample SDAs was increased from twenty-two to forty. Only seven of the additional eighteen SDAs received grants to operate Title III projects, bringing to fourteen the total number of SDAs with dislocated worker programs .

These fourteen SDAs operate a total of twenty-three projects. Further, the size of the funded projects is limited. Sixteen projects serve fewer than 200 participants each and eleven have projected enrollments of fewer than 100 people.

Although the analysis is limited, the Associates in SDAs which had Title III projects examined the issues discussed in the following sections.

SDA Targeting

Thirteen of the fourteen SDAs with Title III projects identified specific target groups. In six of these SDAs[9] the target groups were set by State rules for Title III projects, but SDAs took their cues for targeting emphasis from the State.

Most SDA operators attempt to serve workers recently attached to specific industries. Concentrating resources on workers suffering unemployment because of a plant shutdown or laid off through work force reductions avoids serving the population eligible for Title IIA services with Title III resources. Among the target groups were textile mill workers, construction workers, laboratory technicians and supervisory personnel from an automobile parts manufacturer, machine operators, health service employees, food processing workers, and electricians.

In several SDAs persons eligible for Title III but not part of a specific target group were allowed to enroll in the program. Officials in one SDA argued against targeting criteria

[9] One of these is a single-SDA State where the Title III projects are statewide for specified target groups.

that sought to distinguish between the populations served under the two titles. The Associate for this SDA explains:

> There is no difference in this SDA between IIA and III populations. Regardless of the classification scheme, all are economically disadvantaged. Within this broadly defined target population, the SDA will identify additional groups, but this designation is designed to increase chances for funding (the State requires specific targeting), and is more fancied than real. For example, a typical proposal will identify the target population as the long-term unemployed, economically disadvantaged, UI recipients, UI exhaustees, veterans, handicapped, public assistance recipients, minorities, or other eligible participants.

Title III projects in this and other similar SDAs are likely to be additions to the services provided under the Title IIA programs.

<u>SDA Title III Service Mix</u>

More than half of the twenty-three projects run by SDAs emphasize instruction in job-finding techniques. Seven projects have formed job search and employability development classes as a prerequisite for short-term classroom or occupational skills training programs. Project operators believe Title III participants need job search instruction more than institutional training. Typically, these programs provide instruction in resume writing, methods for locating employment, and group discussions (job clubs) on job-finding skills. Some programs supplement these activities with counseling and referral services to help ease the personal and financial problems associated with long-term unemployment.

Officials in one of these SDAs described their dislocated worker problem as follows:

> Over the past several years (the county) has been ranked as one of the highest unemployment areas in the State.... We are now seeing people with ten and fifteen years of employment out of work.... The crisis involves a unique population of persons having a high level of pride, while at the same time they find that they are ignorant of how to use the current social service network and have poor job seeking skills. The (Title III) program is designed to quickly mobilize and direct efforts to assist individuals and families... by trying to place these individuals into gainful unsubsidized employment. Components of the program include counseling, information and referral services and teaching job seeking skills through a Job Club....

Five projects provide only assessment and job search. One other project using extensive job search has complemented the activity with an on-the-job training program.

Nine projects have designed specific skill training programs. The majority provide short-term training in an institutional setting which is directly tied to a particular occupation. Some occupations for which training is provided include electricians, welders, building maintenance workers, tool and die makers, heavy machine operators, medical secretaries, food processing workers, and clerical workers.

Only a few SDAs rely on on-the-job training as the focus of their Title III retraining efforts. One SDA favors this strategy because it provides the participants with needed income during training. Other SDAs are attracted to the high probability of job placements once the subsidy ends.

As part of the observation, the Associates were asked to collect a randomly selected sample of twenty on-the-job training contracts in each SDA operating a Title III project. The purpose was to compare the training in Title III with that in Title IIA. Since only fourteen SDAs had Title III funding, the maximum sample size was 280 contracts. In addition, as noted above, some Title III projects did not have on-the-job training as a program activity and others had fewer than twenty contracts. The resulting sample includes only 121 contracts from twelve SDAs. Therefore, while some comparisons are made, the results should be considered with caution.

The distribution of the number of hours of training specified in these contracts is shown below:

Number of Hours	Percent of Contracts
240 or less	9
241-400	11
401-560	17
561-800	32
801-1,040	25
More than 1,040	6

Of particular interest is how Title III contracts compare with those for training under Title IIA. The median length of the on-the-job training contracts is sixteen weeks under Title III, three weeks longer than the median for Title IIA from the sample of SDA Title IIA training contracts.

Similar differences are observed in the wage rates for contracts in the two programs. Below are the wage rates for on-the-job training programs under Title III in the sample:

Wage Rate	Percent of Contracts
Less than $3.50	14
$3.50 to $4.49	34
$4.50 to $5.49	18
$5.50 to $6.49	14
$6.50 and above	20

The average wage rate for Title III on-the-job training contracts is $5.25 per hour, 51 cents more than the average wage for the sample of Title IIA contracts. Further, the wage rates for 76 percent of these Title III contracts was equal to or greater than the performance standards in the relevant SDA; this compares with only 44 percent for Title IIA contracts.

9.7 Coordination of Title IIA and Title III Programs

One stated objective of JTPA was coordination of training services, and elimination of duplicated services.

Because Title III programs are being organized both in and outside the SDA delivery system within the same jurisdictional boundaries, there is a question of whether and how these programs will be coordinated.

Both Title IIA and Title III programs are operating in twenty-one SDAs. Fourteen SDAs operate both programs themselves; in the remaining seven, Title III programs are operated by other agencies. No Title III programs are being operated in nineteen of the sample SDAs, either because a statewide Title III program did not offer services in the area or because the State distributed Title III money by RFP and did not fund any proposals from within the SDA's boundaries.

Although regulations requiring State coordination apply to Title IIA and Title III programs, they do not specify how Title III is to be coordinated with other JTPA activities. Both programs aim to locate private-sector employment for participants and therefore may provide similar services; eligibility criteria for both programs can target similar populations; and the level of private-sector involvement can vary significantly between the two.

Only seven of the twenty-one SDAs had coordinated program activities, and the type of coordination varied. Several SDAs have combined with other service providers in their areas to develop a referral system for potential eligibles. In one unusual arrangement, a local PIC has been funded to operate a large Title III project to which other major contractors refer eligibles for training. Another SDA is jointly operating a dislocated worker project with a contiguous county. And a fourth SDA has worked as a "silent partner" on proposals submitted by two community colleges for Title III resources.

Four of the seven SDAs that were coordinating the activities of Title IIA and Title III programs have planning and operational responsibility for both programs. In several cases these operators have developed separate targeting criteria to avoid service duplication and have designed different service strategies to properly address the differences between target groups. However, when SDAs operate both Title II and Title III programs they generally treat the dislocated worker program as an additional funding source for their Title IIA program. Although separate targeting criteria are used in most programs, persons eligible for Title IIA services may enroll in the SDA's dislocated worker program.

9.8 Summary

Early State organization of Title III was not temporary. Instead, it reflects a means of creating and maintaining State control of Title III funds. As the program progressed during the transition year, only four States altered previous plans for organizing the program. In three of these the reorganization appeared to be an attempt to strengthen the State's role in the program.

SDA involvement in Title III increased during the transition year as States funded more projects operated by SDA administrative entities. However, the funded projects do not mark a shift in the decisionmaking for Title III. In most cases, authority is retained at the State level and the amount of funding passed directly to the SDAs remains small.

State-level targeting policies for Title III have evolved considerably since the winter 1984 observation period. Five sample States have developed narrowly focused target groups; another seven have established "threshold" guidelines for funding specific projects, allowing the program operators to shape their own programs. The eight remaining sample States have no particular targeting strategy. Four States operating centralized statewide programs seem to prefer to provide Title III services to any "walk in" who meets the basic eligibility criteria.

Most sample States continue to pass the non-Federal matching requirement to the subgrantee or program level. The sources most commonly used by the subgrantee to meet the requirement are the employer's share of the on-the-job training wage contract, unemployment insurance compensation, and various

State and private in-kind matches. The use of in-kind matches has reduced many of the operational problems by providing program operators more options for producing an acceptable match. However, in seventeen States, the matching requirement has not resulted in any additional cash contributions for the Title III program.

The problems of unobligated Title III resources have dissipated. Most sample States successfully committed previously unobligated resources before the transition year deadlines. Usually, this effort involved distributing program funds to existing service providers such as local Employment Service offices or community colleges, or renewing projects that received FY83 funding. Several State officials indicated that early build-up problems were temporary and associated with starting a new program.

The strong local input in determining service mix for Title III continued through the transition year. This, combined with the broad legislative discretion for determing service strategies, has produced a wide range of services to address the varied problems of displaced workers.

State control over the Title III program has meant a limited number of SDA-operated dislocated worker programs. Only fourteen of the forty sample SDAs received grants to operate Title III projects. In these programs, services are usually targeted on persons with a recent labor force attachment, but others were also served. Services ranged from employability development services, such as job search, to institutional skill training, usually short term.

10. PERFORMANCE STANDARDS

10.1 Introduction

The JTPA legislation authorized the Secretary of Labor to set performance standards to be used in evaluating whether the program is meeting the goals envisioned by Congress. The Department of Labor issued interim standards for the transition year on April 13, 1983. These standards refer to seven outcome measures -- four for adults and three for youths. The measures and the transition year and PY84 numerical values of the national standards are shown in Table 10-1.

This chapter discusses issues related to setting standards and to the actual performance of SDAs during the transition year. The discussion of program year 1984 (PY84) is limited to the standards-setting process. Information on the actual PY84 performance of SDAs will be available during the next phase of the project. The discussion in this chapter covers both Title IIA and Title III performance standards issues.

The Department of Labor set numerical values for the standards at the national level. It also developed an optional multiple regression methodology to adjust for local conditions and the characteristics of the participants served. Governors

Table 10-1. National Standards for Transition Year and Program Year 1984

Measure	Transition Year	PY84
Adults		
Entered Employment Rate (percent)	58	55
Cost Per Entered Employment	$5,900	$5,704
Average Wage at Placement	$4.90	$4.91
Welfare Entered Employment Rate (percent)	41	39
Youths		
Entered Employment Rate (percent)	41	41
Positive Termination Rate (percent)	82	82
Cost Per Positive Termination	$4,900	$4,900

were allowed to determine deviations from the national levels for individual SDAs during the transition year. They were to use the standards to assess each SDA's performance and were permitted to reward good performance based on transition year outcomes, but they could not penalize SDAs for failing to meet the interim standards. Although SDAs had to submit certain types of information required by a national reporting system, Governors could define terms and require additional information.

JTPA also required the Department of Labor to issue standards for program year 1984 and beyond by January 31, 1984. The PY84 standards[1] refer to the same set of seven outcomes and are based on a methodology similar to the transition year standards. Numerical values of PY84 national standards for youth outcomes were identical to the transition year standards, while three of the four PY84 adult standards (entered employment rate, cost per entered employment, and welfare entered employment rate) were set slightly lower. The average wage at placement standard is only slightly higher for PY84 when compared to the transition year. The PY84 Department of Labor adjustment methodology (based on multiple regression analysis) is available at the Governors' option. If the Governor chooses an alternative methodology, it must be described in the State Coordination and Special Services Plan.

[1] Federal Register, Vol. 49, No. 22, February 1, 1984, pp. 4052-4056.

The PY84 standards are to be used for both rewards and sanctions as specified by JTPA. Performance standards for PY84 are to be used as the basis for distributing 6 percent incentive funds under Title IIA at the State level. At the local level, performance standards for SDAs provide incentives for performance-based contracting. The significance of the PY84 standards is further underlined by the fact that the Secretary of Labor may not modify performance standards more than once every two program years, and modifications are not retroactive. Standards for PY84 will be in effect during PY85 as well.

This report focuses on how the States and SDAs adapted the national standards to local conditions, and on the measurement of actual SDA outcomes. In this chapter, we start with State-level implementation issues. We then discuss SDA-level Title IIA performance standards implementation. Finally, we address reporting and verification, an important area of State-SDA relations.

10.2 State-Level Implementation of Title IIA Standards

During the transition year, all sample States except one adopted all seven performance measures specified by the Secretary of Labor. The one exception appeared to be the result of oversight rather than of deliberate planning. This State adopted six of the seven measures, but did not use the cost per positive termination measure for youths. Instead, it adopted a cost per entered employment standard for youths as well as for adults. This State also deviated from the Secretary's list by specifying a positive termination rate standard for adults, not only for youths. All of these deviations were eliminated in PY84, so in essence all sample States have adopted the Secretary's performance measures.

Three States experimented with measures not included in the Secretary's list during the transition year. One State set a job retention standard for the transition year, but dropped it since the follow-up system was not yet in place. No job retention standard was established for PY84 in this State. Another State established a ninety-day employment retention standard for adults, and a "special population entered employment rate" standard for both adults and youths. Again, both measures were dropped in PY84. The employment retention standard was strongly criticized by the SDAs because of the expense involved in tracking clients who left the program. Follow-up costs are generally considered administrative expenses which count against the 15 percent administrative limit. The "special population entered employment rate" standard was difficult to measure across SDAs because of the discretion the State gave to the SDAs in defining and targeting groups with "special barriers."

Only one of the three States experimenting with standards during the transition year retained the measures for PY84. This State specified three additional standards beyond the Secretary's measures: a youth enrollment standard, an AFDC recipient enrollment standard, and a high school dropout enrollment standard.

In summary, the States had only limited transition year experience with standards other than the outcome measures specified by the Secretary of Labor, and those that did encountered difficulties of early implementation. Therefore, it is difficult to generalize from these early problems of implementing additional measures.

In PY84, as in the transition year, the measures specified by the Secretary were dominant: all States adopted the Secretary's seven outcome measures. However, a substantially larger number -- eight of the twenty sample States -- adopted standards beyond the Secretary's measures. These fall into the following categories:

- <u>"Significant segments" standards.</u> Several States are concerned about equitable service to various segments of the eligible population. A quarter of the sample States include enrollment measures for specific subgroups in the performance measurement system.

  These standards specify input, rather than output requirements. Some States identified separate standards for specific subgroups such as adult or youth welfare recipients, high school dropouts, women, females, minorities, and older workers.

One State identified a list of significant segments so all-inclusive that the measure became almost meaningless. In this State the standard requires that a certain percent of adult/youth participants belong to one of the following groups: handicapped, offender, dropout, displaced homemaker, AFDC recipient, veteran, older worker, minority or youth. For youth, of course, this standard will be met by definition.

Significant segments standards can be expected to be consequential only if they refer to specific, relatively narrow, and clearly identifiable groups.

- Job retention standards. Such standards, requiring follow-up information, were instituted in two States for PY84, although more States are developing follow-up systems.
- Net impact standards. One State developed a comparison group methodology to measure SDA performance on two net outcomes (net earnings gain and net earnings gain per dollar expended).
- Job placement in new or expanding industries. One State developed a standard requiring placement of a certain portion of youth and adult terminees in new or expanding industries.
- Expenditure standards. Two States[2] required SDAs to spend a certain portion (85 or 90 percent) of their Title IIA funds. This was considered necessary to assure comparable performance across SDAs in evaluating those eligible for incentive awards. For example, an SDA that met all performance standards but spent only half its money would not necessarily be more deserving than one that missed one standard but spent all of its money.

[2] In a third sample State an 85 percent expenditure level was recommended as a condition for granting PY84 incentive funds to an otherwise qualifying SDA.

The additional measures introduced by some States reflect three main areas of concern:

- o Equity of service (significant segments);
- o Longer-term outcomes (job retention, net impacts, and job placement in new or expanding industries); and
- o Fair use of standards (expenditure requirements).

Most involve complicated technical issues of standards setting. For example, many States are developing standards using follow-up studies, and many are also developing standards for placements in new or expanding occupations (a concern not only for Title IIA, but also for Title III). More States are expected to experiment with additional measures, but some experiments will be too ambitious technically, and some may be resisted by the SDAs. In any event, developing additional outcome measures appears to be a relatively slow, complicated process.

Beyond specifying performance standards measures, States may play a substantial role in adjusting the standards for local SDA conditions, as well as in developing rules governing the allocation of 6 percent set-aside funds. Since both rewards and sanctions will be associated with SDA performance on the PY84 measures, it will be essential for States to devise a weighting scheme or some other method of summarizing performance on the various outcome measures in this program year.

Six of the twenty sample States apparently did not use the Department of Labor regression adjustment methodology in PY84. The remaining fourteen States did, although several made further adjustments to the regression-adjusted SDA standards.

The six States that did not use the regression methodology are particularly important. They reported that they adjusted the standards derived from the Secretary's model, often both during the transition year and for PY84. However, such statements might be misleading. In fact, these States took as a point of departure the national standards published in the Federal Register, rather than the model-adjusted standards. They adopted several figures without any further adjustment, while they adjusted others (usually based on a more or less qualitative assessment of local data). This group included single-SDA States and States with a small number of SDAs, but also two with a relatively large number of SDAs. In some multi-SDA States the same standards were applied to all SDAs, though one of these States is developing adjustments for local conditions.

Single-SDA and other small States that did not use the Secretary's adjustment methodology did adjust standards -- most frequently the average wage at placement standard -- based on local circumstances such as low area wage rates. Similarly, in one multi-SDA State adopting the same standard across all SDAs, it was argued that the "model" did not adequately account for the conditions of rural SDAs, particularly with respect to the wage standard.

Unless they actually compute the model-adjusted standards, however, local officials are unjustified in faulting the Department of Labor "model." The regression adjustment methodology incorporates an adjustment for local wage rates. Therefore, it is expected to result in relatively low standards for low-wage, single-SDA States and for relatively low-wage, rural SDAs. Application of the model is expected to lead to SDA standards different from the national standards both for single-SDA States and SDAs in multi-SDA states, unless a particular SDA matches the national average.

Only one sample State compared the values of the average wage at placement standard as adjusted by the Department of Labor method and by the State. <u>Both</u> values were significantly below the national departure point, although the State-adjusted standard was twenty-seven cents lower than the Department of Labor-adjusted standard. Even in this instance, the State adopted the national figures for the other six standards without any change.

Some States may have used the national standards rather than model-adjusted standards because State officials did not adequately understand the Department of Labor adjustment methodology. In addition, some States may have felt that their programs would be held accountable for meeting national standards, prompting them either to mandate the national standards or to justify departures from those figures. Some States may feel that uniform standards for all SDAs are easier to enforce and politically easier to defend than standards that vary by SDA, although political conflicts clearly arose as a result of uniform SDA standards in one of the six sample States using the national standards as a point of departure.

Fourteen sample States did use the Secretary's regression methodology to adjust SDA performance expectations. However, nearly half reported further adjustments, or possible further adjustments, to the standards. These incorporate a diversity of practices:

- One State adjusted the wage standard;
- A large State developed detailed guidelines under which SDAs may apply for adjustments based on special circumstances;
- Another State is developing "parameter bands" defining acceptable levels of performance;
- One State applied a 10 percent productivity improvement factor to the model-adjusted values, and developed an SDA review process of draft standards. This process is designed primarily to reduce computational errors and the use of incorrect local data; and
- Another State adjusted "subminimum" model-derived SDA standards to "minimum" acceptable levels of performance. These were based on a variety of data and considerations, including transition year performance, productivity improvement expectations, and adjustments for the introduction of youth competency systems.

Standards not included in the Secretary's list of performance measures fall into two categories:

- <u>Uniform statewide standards.</u> In the case of job retention,expenditure rate, job placement in new or expanding industries, and net impact standards, all SDAs within the State are subject to the same requirement.

- <u>SDA-adjusted standards</u>. "Significant segments" standards are sometimes (but not always) defined relative to the incidence of the given population subgroups (e.g., minorities) in the given SDA. (In other cases uniform statewide standards are applied to the given significant segment.)

Incentive Funds and Performance Standards

The distribution of 6 percent incentive funds is related to how performance on the various measures is summarized. Several possibilities exist for linking performance on the various measures to the distribution of 6 percent funds. The following summary illustrates the diverse patterns in the sample States.

A central issue is whether one or several incentive fund "pots" are used. Some States developed several pots. If separate funds are developed for each outcome measure, the only weighting issue is whether the same amount is assigned to all measures, or whether good performance on some measures is rewarded with more incentive money than good performance on others. One State that developed a separate pot for each measure assigned an equal amount to each measure except one; they argued that the average wage at placement standard reflects legislative intent less than the other standards do.

Most States, however, summarized performance on various measures in a single index, or in two or three summary measures. Methods of arriving at these measures include:

- Specifying that an SDA must meet a certain number of standards (such as five of seven measures) to qualify for incentive awards. Often certain measures must be met as part of the qualifying set. For example, one

State specified that the adult, welfare, and youth entered employment rates should be part of five measures to meet;

- o Developing a "performance index" by averaging the percentages by which SDAs deviate from standards. Equal or unequal weights may be used. For example, one State assigned highest weights to the adult entered employment rate (EER) measure and lowest weight to the youth entered employment rate and youth cost per positive termination measures; and

- o Using a point system. Points are assigned based on the deviation of actual outcomes from the standard on each measure; the sum results in an overall score.

Whether incentive awards should be proportional to SDA size is an issue distinct from weighting the various measures. Some States weighted incentive awards by the size of SDA Title IIA allocations. However, most apparently do <u>not</u> plan to weight 6 percent incentive awards by SDA size. Consequently, two SDAs satisfying the same set of performance requirements equally would be entitled to the same incentive bonus even if one administers a program several times larger than the other.

Another issue is whether incentive awards are allocated by "self" competition, or by competition among all SDAs for a fixed pool of funds. Under the first option, the State would specify a fixed standard, and an SDA meeting this standard would receive an incentive award whether or not other SDAs in the State meet the expectations set for them. "Self" competition, therefore, means that the SDA knows in advance the exact amount of the award it is entitled to if it meets performance expectations. By contrast, if a fixed amount of funds is available for all SDAs meeting the given performance expectations, the amount received by any one SDA depends on the number qualifying. In the extreme case, one SDA may receive the whole pot, if no others qualify.

Some SDA officials have criticized competition among SDAs for a pool of statewide incentive funds as unfair, but only one State has proposed a "self" competition system for PY84. Many States may have rejected this option because part of the incentive funds would remain unspent unless all SDAs meet their standards. In the one State contemplating this system the proposal calls for rolling over unspent PY84 incentive funds to PY85.

State comments to the contrary, the "unfairness" of inter-SDA competition for the same pot is not self-evident. States may be justified in granting a larger award to an SDA that meets standards when few other SDAs do so, because the achievement is more outstanding. This logic may explain, at least in part, the greater popularity of this system in the States.

With respect to distribution of PY84 incentive funds, the various States adopted, or plan to adopt, complex patterns of allocation mechanisms similar to those already discussed. Some States addressed a wealth of detail, but many have not addressed several operational issues discussed above. States apparently are still experimenting with ways of linking performance standards to the distribution of 6 percent funds, and modifications are likely in the future.

10.3 SDA-Level Implementation of Title IIA Standards

Performance standards raise two sets of issues in the SDAs. The first is the implementation of standards at the SDA level. The second is the relationship between the SDA performance standard and performance expectations of the SDA toward service providers.

During the transition year, 90 percent of sample SDAs did not add to or modify the standards specified by the State. The few that made modifications often set numerical values stricter than the standards received from the State.

Some SDAs were unable to provide Field Associates with specific, numerical information on SDA standards, and especially on actual transition year performance on these standards. In some cases, this information was obtained from the State, rather than the SDA. The limited SDA interest in performance standards is obviously related to the lack of sanctions, and to the rather limited use of incentives associated with transition year performance. The interest of the PICs in performance standards was often indirect; SDAs were more active in setting sub-SDA level performance expectations, a subject discussed later in this section.

Using the information available on the relationship between transition year standards and actual SDA performance, we classified SDAs according to their success or failure in reaching their transition year standards[3]. The results are as follows:

Percent of Sample SDAs Meeting Transition Year Standards[4]

Measure	Percent
Adults	
Entered Employment Rate	79
Cost Per Entered Employment	89
Average Wage at Placement	71
Welfare Entered Employment Rate	80
Youths	
Entered Employment Rate	73
Positive Termination Rate	46
Cost Per Positive Termination	74

[3]Some of the information is based on preliminary data. In some cases the numerical value of standards applying to the given SDA was uncertain. In cases where the State and SDA versions differed, the State figures were used.

[4]Percent of SDAs where information on both transition year standard and actual performance was available.

The cost per entered employment standard was the adult standard most frequently met by SDAs. In fact, detailed data suggest that many SDAs substantially overperformed on this measure. This may be partially explained by the fact that it is difficult to apply historic CETA data to the JTPA program, which involves lower costs by design. In addition, PICs often viewed low-cost training as an important goal.

The adult entered employment rate and welfare entered employment rate standards were also met by approximately four out of five SDAs. In most cases, however, the magnitude of deviation from the standard was modest. The average wage at placement was the adult standard most difficult to meet; 30 percent of SDAs did not reach it.

Overall, a smaller portion of SDAs met the youth standards. Fewer than half met the youth positive termination standard. This is related to the lack of established youth competency systems in many SDAs.

SDAs were also classified by the relationship between PY84 and transition year standards. For each of the seven measures, three groups were created:

- PY84 standard is higher than the transition year standard;
- PY84 and transition year standards are the same; and

o PY84 standard is lower than the transition year standard.

The data in Table 10-2 show that PY84 standards were set cautiously. For each standard, the percent of SDAs meeting transition year standards is higher, often substantially so, than the percent with tightened PY84 standards. For example, although 79 percent of SDAs met the adult entered employment rate standard during the transition year, only 37 percent had higher PY84 standards. Perhaps even more interesting is the fact that a substantial portion face loosened, rather than tightened, PY84 standards. Again, almost half (49 percent) of the sample SDAs had lower adult entered employment rate standards for PY84 than for the transition year, although only 21 percent failed to meet transition year standards.

Only the cost standards are tighter in at least half of the SDAs for PY84. Sixty-eight percent face tightened adult cost per entered employment standards and 50 percent will have tighter youth cost per positive termination standards.

Except for the cost standard, there is no obvious relationship between transition year performance and changes between transition year and PY84 standards. For example, although a higher portion of SDAs failed to reach the adult wage

Table 10-2. Distribution of SDAs by Relationship Between PY84 and Transition Year Standards*

Measure	PY84 Standard Higher	Same	Lower	Total
Adult Entered Employment Rate	37%	14%	49%	100%
Adult Cost Per Entered Employment	21%	12%	68%	100%
Adult Average Wage at Placement	48%	9%	42%	100%
Adult Welfare Entered Employment Rate	41%	6%	53%	100%
Youth Entered Employment Rate	14%	34%	51%	100%
Youth Positive Termination Rate	26%	35%	38%	100%
Youth Cost Per Positive Termination	19%	31%	50%	100%

*Percentages may not add up to 100 due to rounding.

standard than the entered employment rate standards (both total and welfare), more face increased PY84 wage standards than increased entered employment rate standards.

Use of Performance-Based Contracting

As in the earlier phase of this study, the latest round of observations found substantial and increasing use of performance-based contracting. More than two-thirds of sample SDAs reported using it. Six of the twenty-seven SDAs that reported using it also noted that they did not use it during the transition year, started to use it during the transition year, or plan to introduce it during PY84.

Performance-based contracting is seen as a way to ensure greater subcontractor accountability. It is also related to some, although not all, performance standards. Placement is the most frequently used outcome "milestone". Job retention, attainment of certain educational competencies, and program completion are also often used. Contracts usually specify enrollment requirements. Wage at termination is not typically used. Performance-based contracting is most closely associated with entered employment and cost standards.

Typically, not all service contractors receive the same performance requirements. Contracts usually differ by type of service. In some SDAs all contractors performing the same type of service face identical requirements. In others, however, performance-based contracts are individually negotiated with service providers. As a result, in most SDAs the link between SDA-level standards and entered employment rate or cost standards is indirect; a crucial intervening link is the service mix and selection of service providers.

10.4 Title III Performance Standards

The Department of Labor did not set numerical performance standards for Title III projects applicable to either the transition year (TY84) or the first program year (PY84). However, Governors were required to establish an entered employment rate (EER) for terminees from the formula- funded portion of their Title III program in PY84. The few standards for Title III that were specified during TY84 were taken primarily from Title IIA specifications. The TY84 experience could have provided the project experience upon which to base performance measures for Title III projects initiated in PY84. In fact, few States seem to have specifically referred to the TY84 experience in establishing performance standards for PY84 Title III programs.

Only four of the twenty States observed during the summer of 1984 had not implemented any performance standards for Title III. In two States, standards had not yet been established, while in the other two the established standards had simply not been implemented at the time of the observation. Officials in each of the four States indicated that it was only a matter of time before standards would be implemented.

Sixteen of the twenty States have established and implemented a numerical performance standard for the entered employment rate of terminees leaving Title III projects contracted in PY84. Most of these States set a value at or slightly above the 55 percent rate set for Title IIA. The States with the highest reported Title III entered employment rate were one with a 70 percent goal and another with an 80 percent goal. Only one State specified a standard of less than 55 percent and this was based on the TY84 average rate for Title III. Another State, which specified a unique entered employment rate for each Title III project, had some projects with a rate as low as 35 percent, although the average for all contracts was 55 percent.

Of the sixteen States with entered employment rate performance goals, four adopted the Title IIA adult goals without further specification. Hence, these four States also had goals of cost per placement of $5,900 and average wage at placement of $4.91. Three other States set performance standards for these two measures in addition to their placement goals. Also, of the States with entered employment rate goals, two set cost per placement standards without a wage standard, and two set a wage at placement standard without a cost per placement standard. The wage at placement goals for these States ranged from $4.91 to $5.25. Three States set performance standards for cost per placement ranging from $1,500 to $2,500 although all others were near the Title IIA adult goal of $5,900 per placement.

Most States indicated that reporting requirements for Title III were the same as for Title IIA. Where indicated, the record maintained on participants was the same for programs or projects in either title.

APPENDIX A

SUMMARY PROGRAM ACTIVITY DATA

Exhibit A breaks down and defines the different categories used for program activity. Copies of participant record forms supplied by the Associates during the earlier phase of the study indicated that essentially all SDAs would be collecting the information needed to produce the summary records in this form. The Associates were therefore asked to collect these data and comment on their overall quality. In SDAs where the data could not be readily obtained in this form, Associates were not asked to examine the actual files and aggregate the data in this form.

Data Availability

Despite earlier indications that summary information by program activity could be assembled in this fashion from the SDAs, in only nineteen of the forty sample SDAs was this information available. The twenty-one SDAs that could not supply such information either lack program activity information entirely (17 SDAs) or have incomplete data for the identified categories of service mix (4 SDAs).

Exhibit A-1. Title IIA Planned Enrollment Levels, Year to Date Enrollments, Positive Terminations, Average Wage at Termination by Program Activity Through June 30, 1984

Program Activity	Definition	(A) Planned TY84 Enrollment	(B) Enrollment Through 6/30/84	(C) Total Terminations Through 6/30/84	(D) Placements Through 6/30/84	(E) Average Wage at Placement	(F) Expenditure Per Participant
OJT	Training provided by a public or private employer at the worksite in exchange for a wage subsidy not to exceed 50 percent						
Occupational Skills Training	Training that may be provided in an institutional setting directly related to a specific occupation, paid for entirely through program funds (i.e., vocational training, carpentry, welding, etc.)						
Basic Education	Instruction provided in a classroom setting designed to improve basic or remedial math, reading, and general educational competencies						
Work Experience	Employment provided in a public or private organization to enhance employability development while exposing the participant to various occupational opportunities						
Job Search	Employment opportunities provided (i.e., job clubs) and/or job development and placement strategies conducted by program staff						
Employability Development	Instruction provided in programs designed to develop, among other things: job search skills, personal appearance; and general work requirements (does not include work experience)						
Total							

There are a number of reasons for this lack of data by program activity. The reporting requirements established by the States appear foremost among these. Most SDAs have structured their management information system (MIS) to generate the enrollment, termination, and cost data requested by the States. Following Federal reporting requirements, States require that these data be aggreated separately for adults, adults on welfare, and youths. As a result, service providers have concentrated on developing accounting and management information procedures that produce termination and cost data by adult, youth, and welfare recipient categories. Moreover, characteristics data such as the sex, age, family income, and educational status of program terminees must be collected separately for these groups. Service providers are finding that these requirements make it difficult to develop a separate reporting system summarizing participant data by program activity.

Associates in several SDAs point out that the problem of collecting service mix data is also aggravated by the increased use of subcontractors to provide JTPA services. Subcontractors provide services and maintain files on each participant. Therefore, SDAs requesting program activity data have no central file from which to work. Instead, they must work with each subcontractor and have them report the summary data to the administrative entity or use SDA staff to "rummage" through subgrantee files and aggregate the data by the defined activities. SDAs generally do not engage in data collection efforts of this type because the States simply do not require this level of detail. The following quote from an Associate illustrates some of these problems:

> None of the data requested on actual performance [by program activity] were available in this SDA. I was able to glean the planning figures from the Budget and Activity Plan Summary but [the SDA] does not keep data in the format required for reports. The Annual Status Report was only available from the State. [The SDA] simply ships their data tapes to the State and lets the State merge it with the Statewide data system. There is very little interest in measurement except for documenting good performance....

There are still other impediments to collecting summary program activity data from the SDAs. Local information systems are not fully operable in some areas and there is little indication that service providers are consistently classifying the services they provide. Because of the absence of specific guidelines to govern the classification of employment interventions and actual collection of the data, operators must decide whether such data are to be collected and how data files will be structured.

APPENDIX B

PROCESS EVALUATION OF THE IMPLEMENTATION
OF THE JOB TRAINING PARTNERSHIP ACT

Phase 2. State Field Research Report

Due: August 1, 1984

Associate:_______________

State: _______________

Please send one copy of this report to:

Dr. Robert F. Cook
Westat, Inc.
1650 Research Boulevard
Rockville, Maryland 20850

You should also retain a copy for yourself.

Note: In order to facilitate the analysis, your report should be made on this report form. Wherever necessary, you should insert continuation sheets in the report form. A supply of continuation sheets is appended to the report form. Please make additional copies if you need them.

Introduction to the Report Form

The general purpose of the two-year study is to identify and assess the major organizational, administrative, and operational processes and problems relating to implementation of Titles I, IIA, and III of the Job Training Partnership Act (JTPA). Key JTPA elements are more State control, changed Federal role, private sector partnership, focus on training, closer coordination between employment and training service deliverers, a dislocated worker program and a performance-based system with placement and cost standards.

This Report Form covers the State-level observations in Phase 2 of the study. This observation serves various goals. The prime objective is to identify major variations in JTPA organizational patterns and their early program effects as implemented in the various States. The second is the relationship between State and sub-State level activities in the implementation of Titles IIA and, particularly, III. The discussion of implementation issues surrounding the establishment of JTPA will also provide early feedback to policymakers.

This Report Form has six sections:

Part I SDA Organization;
Part II Title IIA Decisions;
Part III Participant Characteristics;
Part IV Title IIA Performance Standards;
Part V State Allocation of Title III Resources; and
Part VI Other Issues

Part I is concerned with overall State organization of JTPA including the role of the State council, private sector involvement, and the effects of the Wagner-Peyser (Title V) amendments on the Employment Service (ES). Part II is concerned with State actions regarding Title IIA such as targeting, the establishment of performance standards and reporting requirements, relations with the SDAs, and responses to problems identified at the Service Delivery Area (SDA) level. Part III is designed to collect program statistics on the characteristics of participants. Part IV deals with the establishment and measurement of performance standards by the State for the SDAs under Title IIA. Part V examines the allocation of Title III resources, targeting, and the projects funded under Title III by the State. Part VI covers a short list of related implementation issues.

Please complete your report on this Report Form. When it is completed, make a copy for yourself and send the original, by August 1, 1984 to:

Robert F. Cook
Westat, Inc.
1650 Research Boulevard
Rockville, Maryland 20850

If you have any questions, please call me at (800) 638-8985 or (301) 251-2389.

The following table summarizes the time period corresponding to the various abbreviated FY and PY designations. Please make sure that your use of them corresponds to this schedule.

FY83	Oct. 1, 1982 - Sept. 30, 1983
Transition year	Oct. 1, 1983 - June 30, 1984
PY84	July 1, 1984 - June 30, 1985
PY85	July 1, 1985 - June 30, 1986

A further complication is that appropriations still follow the fiscal year schedule. For example, funds for PY84 and PY85 were included in the FY84 (Oct. 1, 1983 - Sept. 30, 1984) budget.

As a final note, for a number of reasons that relate to protection from legal and other problems for you, us, your jurisdiction, and the people you talk to, your report should be considered confidential to the study. Any inquiries regarding your analysis should be referred to Westat. You may assure the people you talk to that no views or assessments that are given to you or reported to us will be identified with any specific jurisdiction or individual and no administrative (e.g., compliance or audit) use will be made of your report. This should not be interpreted as preventing you from expressing your opinion as an individual or from providing feedback to people you interview in the course of the study.

Bob Cook
Project Director

PHASE 2 REPORT FORM Page 1
Associate ____________________
State ______________________

INTERVIEW LIST

NAME	TITLE

Associate ____________

State ____________

Part I. State Organization

1. Phase 1 indicated that Titles IIA, the IIA set-asides and Title III were often administered by new or different offices of the State Government, giving more control over the Title IIA set-asides and Title III to the Governor and reducing the control by the State Council and the old CETA agencies. Recently, we have heard anecdotal accounts that control has reverted to the more traditional agencies. Has the situation in your State continued or changed? Has there been any change in the way the State is organized to implement JTPA? Have there been changes in the major actors? Please discuss.

Associate ________________
State ____________________

Major Analysis Question

2. What role has been played by the Governor in the continuing implementation of JTPA? For example, how involved was the Governor (Governor's Office) in the passage of the Program Year 1984 (July 1, 1984 - June 30, 1985) State Services plan? Is JTPA a priority issue to the Governor? What is the importance of the JTPA - economic development link, if any? Please discuss the issues relevant in assessing the Governor's role in your State.

Associate ________________
State ____________________

3. <u>What has been the role of the State Council</u>? Would you characterize it as primary, co-equal or purely advisory? What has been their role relative to the Governor and other State level actors? For example, did its role change in putting together the Program Year 1984 State services plan relative to its involvement in the Transition Year (October 1, 1983 - June 30, 1984) plan? Did the composition of the staff or council change? How? What is the relationship between the Council and the SDAs in your State?

Associate ________________
State ____________________

4. Your Phase 1 reports indicated that private sector members of the State Council were generally active and learning the system but by and large they were dominated by the public sector members or were purely advisory to the Governor. How has this developed in your State? Has private sector involvement in the Council increased, decreased or remained the same relative to Phase 1? Beyond being represented on the State Council, what is the role of the private sector at the State level?

5. There was some suggestion in a few areas in Phase 1 that private sector involvement might wane. Has the composition of the private sector membership on the State Council changed? If so, how? For example, what kind of trends may be observed in membership composition, attendance, intensity of involvement, control of subcommittees?

The Wagner-Peyser Amendments in Title V of JTPA (described in detail in the background paper) permit the Governor to exercise considerably more control over the State ES than was previously the case. One of the objectives of this change, as envisioned by Congress, was an improvement in coordination of ES and other employment and training activities at both the State and local levels. For each of the following inquiries, please note any changes that have occurred.

6. What is the formal role of the State ES in the formulation of JTPA policy, programs, and contracting at the State level? Please differentiate between the influences of ES and its "home department" on JTPA decisions and programs. Is the State ES or its home department designated as the administering agency for the State? If so, does any significant JTPA decision-making role go with that designation in your State, or is it purely that of a subcontractor or service provider?

7. Has the Governor or the legislature moved to take more control over the State ES, the Director of the ES (or his/her staff), or the head of its "home department"? Is there any evidence of changes in control of State ES budgets, plans and procedures?

8. Have local (regional) ES office service area boundaries been altered to conform to SDA boundaries in all or part of the State? Is such a change under active consideration? Why? Have other agencies (e.g., vocational education, economic development) reconfigured their boundaries?

Associate ________________
State ____________________

As indicated in the background paper distributed at the conference, 10 percent of the State allotment for ES [7(b)] funds are reserved to the Governor to: provide incentives to ES offices; provide services to special groups; and, pay the cost of exemplary models. The Phase 1 reports indicated that in some cases these funds were given to the SDAs to "buy" ES services, used to fund special State programs or given to ES offices to provide required services to SDAs.

9. How has the State allocated Wagner-Peyser 7b funds for PY84? Did these funds go to ES or to some other agency or to the SDAs? For what explicit activities? How was this decision reached? Will the SDAs have any say in the use of these funds?

Associate ______________
State _________________

Part II. Title IIA Decisions

Your Phase 1 reports indicated that the 78 percent funds were passed to the SDAs but that the set-asides were often handled separately. In some cases the State attempted to reconfigure the SDAs, in others additional target groups were added for Title IIA. In a few cases there were references to the State as "the new regional office" or to State requirements that, for example, the SDAs use ES for intake and income verification.

1. Please discuss the nature of the relations between the State and the SDAs. How has this relationship evolved for the 1984 program year? For example, were there any changes in the geographic boundaries of the SDAs? How has the relationship between the State level actors and the SDAs developed through time?

Associate ____________________
State ________________________

2. Please describe the State's Title IIA targeting, significant segments designations and eligibility definition (redefinition) actions for PY84. Do they differ from the Transition Year? If so, how and why?

Associate ____________
State ____________

3. Please update your account of the use of Title IIA set-asides in the Transition Year. What is the use of: A) the 8 percent vocational education; B) the 6 percent incentive; C) the 3 percent older worker; and D) the 5 percent administrative funds?

4. Please describe the major differences between the actual use of Title IIA set-asides during the Transition Year, and their planned use during Program Year 1984. Describe the sources of such changes. (For example, the required use of the performance standards system is expected to result in changes in the use of six percent funds.) What are the anticipated results of these changes?

Associate ____________________
State ______________________

5. Phase 1 indicated that some State UI and AFDC legislation (regulations) prohibited participation of these recipients (who would become ineligible if they did participate). In other cases the payment of any stipend or need based payments would be counted as income in the benefit calculation. What was the case in the State? Has the legislation (regulation) been changed or waived? Has the legislature been involved in JTPA?

6. How has the State Council or any other State level agency or actor reacted to SDA level activities and reports bearing upon Title IIA build-up, youth expenditure requirements, or use of the 10 percent "window of eligibility"?

Part III: Participant Characteristics (Table 2-1)

In this section we have reproduced most of the categories of the JTPA Annual Status Report (JASR). We have adapted the table from the proposed version distributed by DOL to the States. The version finally approved by OMB contains a subset of these items. Therefore, if the final version is in use in your State, you will only have available the reduced set of characteristics. Note that this information is largely for terminees rather than all participants.

We would like to have the characteristics for the period October 1, 1983 through June 30, 1984 (the Transition Year). If they will not be available within our observation period (they may be mailed in after the report has been returned), we would like to obtain them for the October 1, 1983 to March 30, 1984 (two quarters).

If you can obtain copies of the State forms, simply send them along with your report rather than recopy them.

NOTE: We are most interested in: the age groups of the under twenty-two year olds; sex; the numbers with less than a high school degree; and the number placed in unsubsidized employment. The reason is that these are related to program mix and less susceptible to differences ir the characteristics of the eligible population.

Please indicate the time period covered by the reported information and discuss below any information regarding the quality of these data (e.g., exclusion of some SDAs, incomplete coverage, etc.).

Associate ____________
State ____________

Table 2-1. CHARACTERISTICS OF PARTICIPANTS

TIME PERIOD ____________ TO ____________

I. PARTICIPATION AND TERMINATION SUMMARY	TOTAL ADULTS (A)	ADULTS (WELFARE) (B)	YOUTH (C)	DISLOCATED WORKERS (D)
A. TOTAL PARTICIPANTS				
B. TOTAL TERMINATIONS				
1. Entered Employment				
2. Other Adult Positive Terminations				
3. Youth Positive Terminations				
4. Other Terminations				
II. TERMINEES PERFORMANCE MEASURES INFORMATION				
A. CHARACTERISTICS OF TERMINEES				
SEX				
Male				
Female				
AGE				
14-15				
16-19				
20-21				
22-44				
45-54				
55 and over				
EDUCATION STATUS				
School Dropout				
Student (high school or less)				
High School Graduate or Equivalent (no post-high school)				
Post-High School Attendee				
FAMILY STATUS				
Single Parent With Dependent(s) Under Age 6				
Single Parent With Dependent(s) Age 6 through 17				

Table 2-1. (Continued) CHARACTERISTICS OF PARTICIPANTS

II. TERMINEES PERFORMANCE MEASURES INFORMATION CONTINUED	TOTAL ADULTS (A)	ADULTS (WELFARE) (B)	YOUTH (C)	DISLOCATED WORKERS (D)
RACE/ETHNIC GROUP				
White (not Hispanic)				
Black (not Hispanic)				
Hispanic				
American Indian or Alaskan Native				
Asian or Pacific Islander				
Other Barriers to Employment				
Limited English Language Proficiency				
Handicapped (Adult/Youth)				
Offender				
U.C. Status				
Unemployment Compensation Claimant				
Unemployment Compensation Exhaustee				
LABOR FORCE STATUS				
Unemployed: 1-14 Weeks of Prior 26 Weeks				
Unemployed: Long-Term - 15 or More Weeks of Prior 26 Weeks				
Not in Labor Force				
Average Weeks Participated				
B. TOTAL PROGRAM COSTS				

Associate ______________
State ______________

Part IV: Title IIA Performance Standards

Performance standards issues refer to two distinct periods: the Transition Year (October 1, 1983 - June 30, 1984); and Program Year 1984 (July 1, 1984 - June 30, 1985). In your discussion, please separate performance standards issues relating to these two periods.

1. Please list (and describe) the performance standard measures used for Title IIA for 1) the Transition Year; and 2) Program Year 1984 for adult and youth programs. At the State level these are only variables (e.g., entered employment rate) that are applied to the SDAs (please include any documentation):

Transition Year 1984

Adult Measures — Youth Measures

Program Year 1984

Adult Measures — Youth Measures

2. Are these measures the same as those used in the "DOL Model"? If not, please describe those that are differen , how they are defined and measured, and why they were implemented (again, please discuss for TY 1984 and PY 1984 separately).

3. How were the actual performance standards set for the SDAs? If adjustments were made to the "DOL Model" for SDA variations, what were they and why were they made (TY 1984 and PY 1984)? How is performance on the various measures being weighted in evaluating overall performance?

4. Who is responsible for the calculation of the actual performance measures for the SDAs? Who collects the data? For example, does the SDA report data to the State or are performance measures calculated at the SDA level based on data they collect. Is this verified by the State (again, please differentiate the Transition Year and Program Year 1984)? Are they using the JTPA Annual Status Report (JASR) reports? Are the SDAs in a position to manipulate data reporting/standards calculations?

5. To the extent that it is known, please discuss whether SDAs met the Transition Year "performance goals". Were there any standards that were part'.ılarly difficult to achieve? Are there any for Program Year 198 .hat are likely to cause problems?

Associate ______________

State ______________

Part V: State Allocation of Title III Pesources

1. The Phase 1 reports on Title III revealed six different intra-State allocation strategies for Title III funds.[1] Did your State use the same allocation strategy to distribute Title III funds that have been obligated since your last report? If not, what were the reasons for the State decision to change its allocation strategy? What allocation strategy is the State using to distribute PY84 funds? What appears to be the rationale for this choice?

[1]The different allocation strategies identified in Phase 1 were: (1) General RFP process; (2) Project basis for specified areas; (3) Statewide on a competitive project basis; (4) Statewide non-RFP; (5) Formula-funded to specific SDAs; and (6) Formula-funded to all SDAs/counties.

2. What were the respective deadlines for obligation of FY83 plus Emergency Job Bill (supplemental) funds and TY84 funds? Did your State meet these deadlines? If not, how much money was left unobligated and what happened to it? Were any funds retained for contingencies, unexpected plant closings, "Employment Generating Services" (EGS), etc.?

3. In Phase 1 the build-up of Title III activity was slow and there was significant carryover of FY83 and EJB funds into the Transition Year. In Phase 1 we found that 40 percent of the funds remained unobligated and over half of the projects did not have any enrollees. In the report we argued that this was a temporary phenomenon. Has this problem of slow build-up disappeared or does it persist in TY84? What have been the factors causing this problem to continue (disappear)?

4. Has the State changed its definition of the eligible population for Title III? If so, what group is now being targeted and what was the motivation for this change?

5. Did the Governor establish an "entered employment rate" standard for the formula-funded 75 percent of Program Year 1984 Title III activities? Did the State establish any other standards for Title III programs for PY84? What were they, how are they measured and what reporting requirements are associated with such measures? What is the relationship between the State's Title III performance goals for PY84 and the contracts between the State and sub-State level entities?

Title III Projects

For purposes of this section, a project may be identified as a sub-State level recipient of Title III funds other than formula funding to SDAs. A project administrative entity is the immediate recipient of Title III funds allocated by the Governor. We note here that SDAs, like any other entities (e.g., community colleges, unions, existing training programs, CBOs) may receive Title III funds at the discretion of the Governor, and thereby, may qualify under our definition of project funding. Title III activities funded from grants formula-allocated to SDAs are not covered by our notion of a Title III project. "Projects" are not necessarily the ultimate service delivery agents.

1. On Table 3-1 (Project Information Sheet) please list all Title III projects operating in the State. Please indicate, for each project, the project name in column A, the program operator in column B, the numbver of planned participants in column C, the amount of funding from each source in column D (FY83, EJB), column E (TY84), and column F (PY84). Please DO NOT INCLUDE ANY NONFEDERAL FUNDS. In column G indicate whether the listed project is: a new project (code = 1); an addition to a project which was existing and reported in Phase 1 (code = 2);* a previously existing and reported project for which the funding level is unchanged (code = 3).

In column H, please provide a short description of the project including eligibility criteria (e.g., age, occupation, employer, high school completion, etc.) and services provided (i.e., counseling, job search, training, relocation). Also, please indicate the code for the current operational status of the project; start-up, nonparticipants (code = 1); operating (code = 2); completed (code = 3); other (code = 4); or unknown (code = 5).

At the bottom of the last page of Table 3-1 please list in row (a) the total amount of project funding from each funding source. In row (b) indicate the total amount of funds obligated by other means (i.e., reserved at the State level for contingency or formula funded to SDAs). Row (c) should report the total obligation from each source. Row (d) should report the official State record of the total amount of funds received for each source. For row (e) (unobligated amounts) compute the difference between c and d.

*The reported change should include any project for which funding was reduced or eliminated.

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Associate ________________
State ____________________

. Title III Project Information Sheet

)	(B) Program Operator	(C) Number of Planned Partici- pants	(D) Total Amount of FY83 JTPA and EJB Money	(E) Total Amount of Transition Year JTPA Money (in thousands)	(F) Total Amount of PY84 Money (in thousands)	(G) Funding Code	(H) Program Description	(I) Oper- ational Status

Table 3-1. Title III Project Information Sheet (continued)

(A) Project Name	(B) Program Operator	(C) Number of Planned Partici- pants	(D) Total Amount of FY83 JTPA and EJB Money	(E) Total Amount of Transition Year JTPA Money (in thousands)	(F) Total Amount of FY84 Money (in thousands)	(G) Funding Code	(H) Program Description	(I) Oper- ational Status
(a) Totals of project funding from each source								
(b) Total funds obligated by other means from each source								
(c) GRAND TOTAL obligated from each source								
(d) Total Federal funds allocated to State from each source								
(e) Unobligated [difference between (c) and (d)]								

*New project = 1
Change in funding level to existing project = 2
Existing project previously reported funding, no change = 3

**Operational status codes:

1. Start-up, no participants
2. Operating
3. Completed
4. Other (please specify)
5. Unknown

Associate ____________________
State ________________________

1. Please discuss the information provided in Table 3-1. Have projects been cancelled or increased? Are there plans for Program Year 1984 to change the mix or direction of these projects? What was done with any unallocated funds, etc?

2. What is the source of the nonfederal match for these projects? Has the State appropriated any "real" match? What sources of in-kind matching are being used? Has the matching requirement been passed on to the program operators? If so, what matching rate is required? Has the matching requirement caused a problem for program operators?

Associate ______________
State ______________

Part VI: Other Issues

1. Our analysis of the Phase 1 reports indicated that liability for disallowed costs remained an issue, though some States thought they had resolved it through requirements that grant recipients have taxing authority or utilize ES for eligibility verification. We also concluded that liability went beyond income eligibility to issues such as the youth expenditure requirement and Title III matching. What is your assessment of the procedures in this State to avoid audit exceptions? Is the State concerned about this issue? Have they had any experience to date?

2. Has the State initiated any post-termination follow-up of either Title IIA or III programs on a Statewide basis? Does it anticipate doing so? What time period is used? Is a sampling procedure employed? (Please provide forms if available and indicate how this information is being collected.)

Associate ________________
State ____________________

3. Is the State planning or implementing a Statewide MIS for either Title IIA or III? What is the status of this effort? Please send the Statewide MIS reporting form or requirements/procedures/variables list. In your judgment, are State MIS procedures adequate to effectively monitor/evaluate the programs as the State envisions?

4. At least two States have found that State or local conflict of interest laws, if unchanged, could result in public and/or private members of the SJTCC or PIC being subject to penalties if their organizations received JTPA funds, <u>even if the members abstained from voting for such funds</u>. Is this an issue in your State? What steps are being taken to resolve it?

Associate ____________________
State ______________________

5. Please identify any other implementation issues that occurred in this State that might be important to this analysis. Please include anything that, in your judgment, should be included in future observations.

6. Final Assessment

JTPA intended the States to play a central role in management of this program. Your Phase 1 reports indicated that State Governors and State agencies are, indeed, exercising these responsibilities. The Federal role is narrower than under CETA; decentralization of program management from Washington to State capitals seems to be working. A major analysis question we now wish to consider is the effect of JTPA on State-local relations. Do you view JTPA as a vehicle for centralization or decentralization? Based on both State and SDA level observations, please analyze State-SDA dynamics in this context and, in so doing, explicitly consider:

State-SDA relations; whether and how State relationships vary according to the prior CETA experience of the SDA(s) in your State;

Whether the "State" presents a consistent approach to SDAs or whether there are important differences among various State agencies vis-a-vis SDAs;

Whether marked variations in State-SDA relations may be observed as a function of SDA size or other factors;

How much latitude SDAs have in defining and implementing local programmatic and participant priorities; i.e., how controlling are State priorities;

How much latitude SDAs have in program management.

PHASE 2 REPORT FORM ________
Continuation Page ________
Associate ________
State ________
Question ________

APPENDIX C

PROCESS EVALUATION OF THE IMPLEMENTATION OF THE JOB TRAINING PARTNERSHIP ACT

Phase 2. SDA Field Research Report

Due: August 1, 1984

Associate:________________

SDA: ______________

Please send one copy of this report to:

Dr. Robert F. Cook
Westat, Inc.
1650 Research Boulevard
Rockville, Maryland 20850

You should also retain a copy for yourself.

Note: In order to facilitate the analysis, your report should be made on this report form. Wherever necessary, you should insert continuation sheets in the report form. A supply of continuation sheets is appended to the report form. Please make additional copies if you need them.

Introduction to the Report Form

The general purpose of the two-year study is to identify and assess the major organizational, administrative, and operational processes and problems relating to implementation of Titles I, IIA, and III of the Job Training Partnership Act (JTPA). Key JTPA elements include more State control, changed Federal role, private sector partnership, focus on training, closer coordination between employment and training service deliverers, a dislocated worker program and a performance-based system with placement and cost standards.

This Report Form covers Service Delivery Area (SDA) level observation in Phase 2 of the study of JTPA implementation It is the first full observation of SDA level programming and draws heavily on the results of our Phase 1A initial observation in February and March. There are several topics of interest in this observation: relations with the State; the services provided and the eligible population targeted by the SDA; Title III programming in the SDAs; and the coordination of Titles IIA and III activities. We are also interested in identifying any problems that would be of interest for policy purposes at this point in the implementation and in allowing a further examination of potential problem areas that surfaced in the earlier phases of this study.

This Report Form has six sections:

Part I	SDA Organization
Part II	Title IIA Programming
Part III	Title IIA Service Mix and Participant Characteristics
Part IV	Title IIA Performance Standards
Part V	Title III Programming
Part VI	Other Implementation Issues

Part I examines the organization of JTPA at the SDA level, the designation of the grant recipient and administrative entity, the role of the PIC and particularly its private sector members and the relationship with other organizations. Part II covers the selection of the target groups and issues surrounding the implementation of Title IIA. Part III is concerned with the kinds of services provided to Title IIA participants. Part IV examines the performance standards in place in the SDA, the effects of these standards on Title IIA programming and the use of performance based contracts and their relationship to the overall performance standards. Part V examines Title III programs operating in the SDA as well as the coordination of Title IIA and III programs. Part VI covers miscellaneous implementation issues and offers an opportunity for you to provide an overall assessment of the operation of JTPA in your jurisdiction.

Please complete your report on this Report Form. When it is completed, make a copy for yourself and send the original, by August 1, 1984 to:

Robert F. Cook
Westat, Inc.
1650 Research Boulevard
Rockville, Maryland 20850

If you have any questions, please call me at (800) 638-8985 or (301) 251-8239.

The following table summarizes the time period corresponding to the various abbreviated FY and PY designations. Please make sure that your use of them corresponds to this schedule.

FY83	Oct. 1, 1982 - Sept. 30, 1983
Transition year	Oct. 1, 1983 - June 30, 1984
PY84	July 1, 1984 - June 30, 1985
PY85	July 1, 1985 - June 30, 1986

A further complication is that appropriations still follow the fiscal year schedule. For example, funds for PY84 and PY85 were included in the FY84 (Oct. 1, 1983 - Sept. 30, 1984) budget.

As a final note, for a number of reasons that relate to protection from legal and other problems for you, us, your jurisdiction, and the people you talk to, your report should be considered confidential to the study. Any inquiries regarding your analysis should be referred to Westat. You may assure the people you talk to that no views or assessments that are given to you or reported to us will be identified with any specific jurisdiction or individual and no administrative (e.g., compliance or audit) use will be made of your report. This should not be interpreted as preventing you from expressing your opinion as an individual or from providing feedback to people you interview in the course of the study.

Bob Cook
Project Director

PHASE 2 REPORT FORM Page 1
Associate ______________________
SDA ___________________________

INTERVIEW LIST

Name	Title

Associate ________________

SDA ______________________

Part I. SDA Organization

1. How is this SDA organized? Who is the grant recipient, the administrative entity? What organization actually runs the program? (Associates in SDAs observed in Phase 1A please provide a short synopsis and note changes.)

Associate ________________

SDA ________________

Major Analysis Question

2. What is the nature of the relations between the State and the SDA? Is the SDA receiving guidance from the State on what is or is not an allowable use of funds, etc.? Phase 1A included several suggestions that the State is the new "Federal Regional Office." Please separate administrative from policy issues and discuss any conflicts that have arisen.

Associate ______________
SDA ______________

3. Please indicate the composition of the PIC (current) and characterize its role relative to that of the local elected officials (LEO) as primary, co-equal or purely advisory in the determination of the Program Year 1984 plan. Phase 1A indicated that most PICS were advisory but suggested that their role might increase as plans for PY84 were laid. Does this PIC have its own staff?

4. A number of Associates indicated in Phase 1A that an appropriate and continuing area for inquiry was the relations between the PIC and the agency that staffs the PIC or operates the program with regard to policy setting and monitoring and evaluation versus day-to-day administration. Please discuss this issue as it applies in this SDA.

Associate ________________
SDA ______________________

5. Phase 1A suggested that private sector influence was only beginning to evolve and that the time and effort expended in learning the complexities of the program and how to deal with public agencies were substantial. There was some suggestion that their interest might decline. How has private sector PIC influence evolved in this SDA? How many of the private sector members were on the CETA Title VII PIC?

Associate ________________
SDA ______________________

6. What services does the local ES and/or the State ES provide to this SDA? What is the source of funding for these services (basic Wagner-Peyser (7a), JTPA 78 percent Title IIA, Title III, JTPA Title IIA set aside money, Wagner-Peyser 10 percent set-aside (7b) money, other sources)? If there will be changes from the Transition Year to Program Year 1984, please note them.

Associate ________________
SDA ______________________

7. The PIC and the Local Elected Official (LEO) in each SDA have new roles and powers with respect to approval of the local ES plan for the SDA aside from the JTPA portion of the plan. Please discuss the type and degree of PIC involvement in this review process. How do the PIC and key PIC actors view their roles in this process? How would you characterize the attitudes, role, or actions of private sector PIC members with respect to consideration of this plan?

8. What is being done in this SDA concerning followup of program participants for program evaluation (monitoring) purposes? If follow-up is being done is a sampling procedure being used? What is the time period of the follow-up? In your judgement, are the procedures in place adequate for the intended purpose?

Associate ________________
SDA ____________________

Part II. Title IIA Programming

1. What are the target groups for service in this SDA? How were these groups selected? For example, was the PIC involved in these decisions? What is the relationship between available (or desired) service mix and target populations? What, in your judgment, is the philosophy behind this targeting (most needy, most job ready, will benefit most from training)? What intake process is being used?

Associate ____________
SDA ____________

Major Analysis Question

2. How do the issues of target group(s), service mix and performance standards fit together (or not) in this SDA? Does it differ according to target group or specific service category (e.g., OJT, CT)?

•

• JTPA requires that 40 percent of expenditures under Title IIA be devoted to serving youth. In Phase IA we understood that meeting the youth expenditure requirement was a major and continuing implementation problem at the SDA level and that policymakers might want to revisit this requirement. An alternative interpretation, of course, is that the SDAs need to use available alternatives such as exemplary youth programs to meet this requirement. What, in your judgment, is the situation in this SDA?

• JTPA limits stipends, need based payments, 50 percent of work experience costs (excluding tryout employment) plus administration to a total of 30 percent of (78 percent) Title IIA funds. In addition, administration is limited to half of that amount (15 percent). Please describe and assess the way that this SDA is meeting this limitation. In your answer, please distinguish between the 15 percent administrative and 30 percent overall limits.

Associate ____________________
SDA ____________________

3. Other parts of the legislation allow for waivers of the 30 percent limit for stipends, work experience costs and administration, as well as the youth expenditure requirement, inclusion of non-training costs in performance based (unit cost) contracts, etc. (There is no waiver on the 15 percent administrative limit.) What is this SDA doing to comply with (avoid) these strictures? There is, of course, a potential for disallowed costs. What is your assessment of the situation in this SDA? What potential problems might result?

Part III: Title IIA Service Mix and Participant Characteristics

Early reports on the types of Title IIA services being provided by SDAs range from OJT to occupational skills training to basic and remedial education to limited work experience or job search. Overall, there appears to be an emerging emphasis on the use of OJT and occupational skills training. One objective in this Phase of the study is to address the service mix issue more quantifiably through the use of enrollment data collected through June 30, 1984. In particular, we would like to examine planned enrollment, year to date enrollment levels, total terminations, placements, the average wage rate at placement and expenditures per participant by the various program activities. Table 2-1 lists each activity for which this information is to be collected and the definitions used for each activity. To properly define these activities the following taxonomy of training was used:

(1) Employability development that is designed to provide an orientation to the world of work, improve work habits, motivation, personal grooming, personal finance, job search skills; etc.;

(2) General training that imparts basic remedial and adult education -- skills training that is general and not related to a particular occupation; and

(3) Specific skills training that provides training in areas related to a particular occupation (i.e., welding, computer programming, bookkeeping, etc.).

In column A of Table 2-1 please indicate the planned enrollment level for each activity. In column B please report the cumulative enrollment level as of June 30, 1984. In column C please report the total number of terminations per activity. In column D indicate the total number of unsubsidized job placements, and column E should report the average wage at placement. Finally, report the expenditures per participant in column F. It is anticipated that most of the needed data will be available through SDA monthly summary report forms. However, some SDAs may only have the data on individual participant records.

Associate ____________

SDA ____________

Planned enrollments should be available from the TY84 plan or may be summarized from contracts. Year to date enrollments should be available from the management information system, as should terminations, placements and, since they are performance standards, the average wage at placement as well as the expenditure per participant.

We are most interested in the "harder" service areas (e.g., OJT, class training) and we have listed them in descending order with the "fuzziest" (employability development) at the bottom. We also realize that the enrollments in each activity may sum to more than 100 percent of total enrollment due to participation in multiple activities.

** NOTE **

Our study of the forms supplied with your Phase 1 and 1A reports indicates that the information is available in summary records. If this is not the case in your SDA, please call before you engage in any large scale "data grubbing."

1. Please use this space to comment on the quality, availability or unavailability of this information.

2-1

Title IIA
Planned Enrollment Levels, Year to Date Enrollments
Positive Terminations, Average Wage at Termination
By Program Activity Through June 30, 1984

Associate ____________

SDA ____________

am ity	Definition	(A) Planned TY84 Enrollment	(B) Enrollment Through 6/30/84	(C) Total Terminations Through 6/30/84	(D) Placements Through 6/30/84	(E) Average Wage at Placement	(F) Expenditure Per Participant
	Training that is provided by a public or private employer at the worksite in exchange for a wage subsidy that is not to exceed 50 percent						
nal aining	Training that may be provided in an institutional setting that is directly related to a specific occupation, paid for entirely through program funds (i.e., vocational training, carpentry, welding, etc.)						
cation	Instruction that is provided in a classroom setting which is designed to improve basic or remedial math, reading, and general educational competencies						
rience	Employment provided in a public or private organization to enhance employability development while exposing the participant to various occupational opportunities						
ı	Individuals are placed in a program that requires them to locate employment opportunities (i.e., job clubs) and/or program staff conducts job development and placement strategies						
lity nt	Individuals are provided instruction in programs designed to develop, among other things: job search skills, personal appearance; and general work requirements (does not include work experience)						

OJT Contracts

Table 2-2 is designed to collect specific information on the nature of the OJT contracts that have been let. For each contract please list the employer (column A), the occupation in which the participant has been placed (Column B), the wage rate for the occupation (Column C), the length of the training in hours (Column D), and the subsidy rate if different from 50 percent (Column E). We have allowed for twenty such contracts. There are probably more than twenty such contracts in your SDA. In Phase 1A we received several lists of OJT contracts containing this information. If a list is available, just send the list. If there is no list, take every N^{th} one to produce a list of twenty.

2. Please discuss the emphasis on OJT in this SDA, the process used to develop OJT positions, and the kinds of OJT positions developed.

Associate ________________
SDA ________________________

e 2-2.

OJT CONTRACTS

(A) Employer	(B) Occupation	(C) Wage Rate	(D) Length of Training (in Hours)	(E) Subsidy Rate (If Different From 50%)

Associate ____________________
SDA ____________________

Major Analysis Question

3. The potential for systematic selection of title IIA participants is a continuing concern to DOL and the Congress. For the youth participants, the concern is that the limit on stipends and the decision to emphasize job placement over remaining in school as the major positive outcome will lead to a focus of training activity on high school seniors about to enter the labor force. For adult participants, the need to establish private sector placements at the lowest possible cost emphasizes serving the most "job-ready" adults (i.e., those adults with high school diplomas or a significant work history). How has this worked out in your SDA?

Table 2-3 Participant Characteristics

The following table is designed to obtain two types of information. The first is the planned enrollment levels of various groups within the eligible population. We plan to use the planned enrollment figures in relation to actual enrollments as a measure of buildup and targeting. The second purpose of the table is to supply characteristics information on the population served.

We are particularly interested in two things. First, there are anecedotal accounts of underenrollment, particularly of youth and those with less than a high school degree. A number of Phase 1A reports indicated difficulty enrolling youth and particularly out of school youth. We feel that quantitative evidence of selection within the eligible population will show up only in the proportion with less than high school degree and in the proportion receiving AFDC at entry. Second, your reports indicated that the combination of only using a placement performance standard for youth and the limitations on the length of work experience will combine to mean that service is provided only to youth over'the age of seventeen.

The planned enrollment should be available from the annual plan or from the numbers specified in performance contracts The actual characteristics of terminees is required for the JTPA Annual Status Report (JASR). The time period is October 1983 through the end of the Transition Year on June 30, 1984. If they are not available for this period we will take the first two quarters of TY 1984 (October 1983 - March 30, 1984). If more detailed information is available, please send it along with your report. Please note that we are using terminations as the universe of enrollees since that is the information required for federal reporting purposes. This will differ from actual cumulative enrollments for those still in the program at the close of the Transition Year.

4. Please comment on the quality, availability and conclusions to be drawn from these data.

Associate ________________
SDA ________________________

Table 2-3

Enrollment and Participant Characteristics

Period: __________ to __________

	Planned Enrollment	Transition Year Termination
Total Participants		
Total Terminations		
Entered employment		
Other adult positive termination		
Youth positive termination		
Other terminations		
Characteristics		
x		
Male		
Female		
Age		
14-15		
16-19		
20-21		
22-44		
45-54		
55 and over		
Education		
School dropout		
Student (H.S. or less)		
High school graduate or more		
Race		
White		
Black		
Hispanic		
Native American		
Asian		

Associate ____________________
SDA ____________________

Table 2-3 (Continued)

Enrollment and Participant Characteristics

Period: __________ to __________

	Planned Enrollment	Transition Year Termination
Employment Barriers		
Limited English		
Handicapped		
Offender		
Benefit Recipiency		
U.I Claimant		
U.I. Exhaustee		
Public Assistance (GA)		
AFDC		
Youth AFDC		
Labor Force Status (prior 26 weeks)		
Unemployed 1-14 weeks		
Unemployed 15 or more weeks		
Not in labor force		

Part IV: Title IIA Performance Standards

Performance standards are used to evaluate the relative performance of the various SDAs. One set of performance issues at the SDA level is the relationship between performance standards received by the SDA from the State and the actual overall performance of the given SDA. Another set of issues is the link between SDA-level performance standards and the performance expectations of the SDA as applied to the subcontractors within the SDA. In your discussion please separate these SDA and sub-SDA level issues. You should also distinguish between the Transition Year (October 1, 1983 - June 30, 1984), and PY84 (July 1, 1984 to June 30, 1985).

1. Please list the actual numerical values of the Title IIA performance standards for this SDA for the Transition Year and program year 1984. Please also indicate how these standards were set:

Transition Year Standards		Program Year 1984 Standards	
Adult	Youth	Adult	Youth

Associate ______________________

SDA ______________________

2. What was the actual Title IIA performance of your SDA during the Transition Year for each of these measures? Who is responsible (State, SDA) for the collection of the data on which these performance measures are based, and for the determination of actual performance?

3. What is the PIC perception of these standards, and the actual SDA performance? Are the standards perceived as fair? Are they perceived as useful tools in measuring efficiency? Are they seen as hindering equitable service to various groups?

4. Did the PIC add any SDA level performance measures to those required by the State? If so, what were they and why were they added? Did the SDA receive any of the six percent set aside money from the State for the Transition Year? Was it related to program performance?

5. Performance based contracting involves contracts with training organizations in which partial or complete payment is made only if certain outcomes are achieved (e.g., 80 percent placement). The advantage to the SDA of using this type of subcontract relative to cost reimbursement arrangements is that the entire contract cost (including any administrative or job development costs) is counted as a training cost and is outside the 30 percent limit on nontraining costs. What is the relationship between SDA performance standards and subcontracting procedures including the use of performance expectations? Is performance based contracting being used during the Transition Year? Will it be used in Program Year 1984? Are the performance expectations for subcontractors uniform or do they vary from contract to contract?

Part V: Title III Programming

Based on our survey of nonsample States and your reports, it appears that the majority of Title III projects are being operated outside the SDA delivery system. Only seven of the 22 sampled SDAs in Phase 1A received funding for Title III projects. The purpose of this section of the report is to identify changes that may be developing in this area and to examine the nature of Title III programs operated by the SDAs through PY84. Questions 1 through 6 should be answered only if your SDA receives Title III funding. Question 7 should be answered in all cases.

1. On Table 3-1 (Project Information Sheet), please list all Title III projects for which contracts involving FY83, Transition Year or Program Year 1984 money have been signed. Indicate the project name in Column A. Columns B, C, and D should indicate the amount of FY83 and Transition Year or Program Year 1984 funds, respectively. Please do not include any nonfederal funds. In Column E indicate whether the listed project is:

   - A new project (code = 1);
   - An addition to a project which was existing and reported in Phase 1A (code = 2)*; or,
   - A previously existing and reported project for which the funding level is unchanged (code = 3).

   In column F, please provide a short description of the project including organizational arrangements, program operator, location, eligibility criteria (e.g., age, occupation, employer, high school completion, etc.), number of participants, and services provided (i.e., counseling, job search, training, relocation). Also, in column G please indicate the code for the current operational status of the project.

   (1) Start-up, no participants.

   (2) Operating.

   (3) Completed.

   (4) Other (please specify).

   (5) Unknown.

*The reported change should include any project for which funding was reduced or eliminated.

Associate ____________
SDA ________________

Table 3-1. Title III Project Information Sheet

(B) Program Operator	(C) Number of Planned Partici- pants	(D) Total Amount of FY83 JTPA and EJB Money	(E) Total Amount of Transition Year JTPA Money (in thousands)	(F) Total Amount of PY84 Money (in thousands)	(G) Funding Code	(H) Program Description	(I) Operational Status

Associate ____________________
SDA ____________________

Title III OJT Contracts

In our examination of Title III projects in the sample SDAs and in our survey of the nonsample States, OJT was the most frequently planned service to be provided to dislocated workers. As in the case of Title IIA programs, we began to wonder how these projects and SDAs could suddenly increase the numbers of OJT contracts. One possible scenario is that the involvement of private sector representatives in the program has resulted in increased acceptance of OJT by private businesses. Another possibility is that there is increased low wage OJT for entry level jobs with relatively high turnover, thus subsidizing normal training costs for particular employers. The third possibility is that the use of the OJT contract as an incentive creates a preference for JTPA participants among employers for filling jobs that would otherwise be filled by individuals not eligible for JTPA.

We would like to collect a sample of twenty representative OJT contracts for each SDA. Column A of Table 3-2 provides space for the employer with whom the contract is written; column B is for the occupation in which the participant is placed. Column C is for the wage paid under the OJT contract. Column D is for the length of the contract in hours (the amount of the contract divided by the OJT subsidy per hour - usually half the wage rate). Finally, in column E, please indicate if the subsidy rate is other than 50 percent of the wage paid to the participants. Again, a Title III Project is likely to have more than twenty OJT contracts. If so, either send a complete list (if available) or select every N^{th} contract to produce a sample of twenty.

2. Please comment on the use of and emphasis on OJT in this SDA's Title III program. What is the process used to generate OJT slots?

Associate ______________
SDA ______________

e 3-2.

TITLE III DISLOCATED WORKERS

(A) Employer	(B) Occupation	(C) Wage Rate	(D) Length of Training (in Hours)	(E) Subsidy Rate (If Different From 50%)

Associate ____________________
SDA ____________________________

3. What are the target groups for these Title III projects? Was the eligible group selected by the SDA, by the specific projects proposed, or by some other means?

4. Did the State pass the matching requirement to the SDAs or project operators? If so, what sources of matching are being used?

Associate ____________________
SDA ____________________

5. Please describe the mix of services provided in Title III projects. Why was this particular strategy chosen?

6. What is the relationship between the Title IIA and Title III planning and delivery systems in this SDA? What kinds of coordination or problems in coordination exist? How have the differences in Title IIA and III rules concerning limits on administrative and support costs influenced these programs? Is there differential interest (control) on the part of the PIC in Title IIA and III programming?

7. If there is Title III funding outside the SDA [d]elivery system (projects run by some other agency) in (or over-[l]apping) your SDA, what is the relationship between the PIC/SDA [a]nd the Title III project? For example, does the SDA recruit for [t]he project or did the SDA support that organization's applica-[t]ion for funds?

Part VI: Other Implementation Issues

1. Our analysis of the Phase 1A reports indicated that liability for disallowed costs remained an issue in about half of the SDAs. The other half indicated that this was not a problem because of a clean past history, use of experienced subcontractors and established contracting procedures. Our analysis suggests that liability issues may extend beyond participant income eligibility to the youth expenditure requirement, administrative and stipend limits, matching for Title III funds and payments under performance based (unit) contracts. What is your assessment of the awareness of these potential problems and procedures used in this SDA? Has this SDA had any audit experience to date?

2. Please identify any other implementation issues in this SDA that might be important to this analysis. Please include anything that, in your judgment, should be included in future observations.

PHASE 2 REPORT FORM ________
Continuation Page ________
Associate ________________
SDA ______________________
Question _________________