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ABSTRACT

The U.S. General Accounting Office studied the characteristics of individual participants in training provided by the Job Training Partnership Act (JTPA), the kinds and intensity of services they received, and the occupations in which they were employed after leaving the program. Visits to 63 randomly selected service delivery areas provided information on 5,500 adult participants, which was included in a database for one complete program year that is projectable to JTPA service delivery areas and program enrollees nationwide. Two significantly different groups of participants and nonparticipants eligible for participation--those who experience less difficulty in the labor market and those who experience more difficulty--were constructed from demographic statistics, employment data, the results of previous research, expert opinion, and multiple regression analysis on Current Population Survey data. The following major findings are reported: (1) the study found little evidence that service was being targeted to those eligible adults whose demographic characteristics suggest they may have been least ready to obtain employment on their own when they came into the program; (2) the least job-ready group tended to receive less intensive services than those who were more job ready; (3) participants obtained jobs with skill levels similar to the skill level of their training, which may indicate that outcomes could be improved if more people were trained for more highly skilled jobs; and (4) some long-term contracts with employers for excessive on-the-job training periods may indicate that they were actually receiving wage subsidies. (CML)

United States General Accounting Office

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Job Training Partnership Act: Participants, Services, and Outcomes

Statement of
Lawrence H. Thompson
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Human Resources Division

Before the
Committee on Education and Labor
United States House of Representatives

Mr. Chairman and Members of the Committee:

We are pleased to be here today to discuss the results of our work on the Job Training Partnership Act (JTPA). JTPA is currently the nation's major job training program. The program has purposely been organized to encourage maximum flexibility at the local program level. This has encouraged the design of diverse approaches to meeting the job training needs of individual communities. But our work leads us to believe that it may now be time for increased Federal leadership in making decisions regarding who to serve, the mix and intensity of such services, and in dealing with potential abuses.

JTPA Title IIA gets about $1.9 billion a year to serve economically disadvantaged adults and youth who need training to obtain a job. Annually it serves about 6 percent of those who are eligible (after excluding certain groups such as the elderly who are very unlikely to apply). For the most part, the law provides only general guidance about who is to be served--namely those who can benefit from and are most in need of training. No regulations or guidance define this further--essentially leaving it to the states and local programs to decide who gets help.

Members of Congress and employment and training professionals have been concerned about who the program serves. Many believe that JTPA's lack of guidance, limited resources, and emphasis on meeting performance standards push local programs to select eligible applicants who need only limited, short-term services and who are more likely to be counted as a success. Some argue that this inappropriately excludes individuals with a need for more intensive, long-term training. Others argue that this selection practice is appropriate because it lets the program successfully serve a larger number of individuals at lower cost.

Compounding the issue is the fact that the data that is collected at the national level on JTPA provides only limited information about what is happening in the program in terms of who is being served, what services they receive, and what outcomes they attain. Consequently, at your request, we gathered data to get a better idea of the characteristics of individual participants, the kinds and intensity of services they received, and the occupations in which they were employed, if any, after leaving the program.

My testimony focuses on what we have learned from studying this information. Briefly, our major findings are:

-- There is little evidence that service was being targeted on those eligibles whose demographic characteristics

suggested that they may have been least ready to obtain employment on their own when they came into the program.

-- Indeed, when we look at services provided to the less job ready group, we found a tendency for them to receive less intensive services than those who were more job ready.

-- By and large, people obtained jobs with skill levels similar to the skill level of their training. Those trained for lower skill level jobs tended to get lower skill jobs. Those trained for jobs requiring higher skill levels tended to get more highly skilled jobs. This result occurred among people who appeared less job ready as well as among people who appeared to be more job ready. This raises the question of whether outcomes could generally be improved if more people were trained for more highly skilled jobs.

-- There were frequent examples of contracts with employers that appear to provide for excessive periods of subsidized on-the-job training. Some of these contracts may come closer to providing longer-term wage subsidy arrangements than to providing training opportunities.

Before elaborating on these points I would like to briefly explain the scope and methodology of our work and provide you with an overview of who the program serves.

METHODOLOGY

We visited a random sample of 63 service delivery areas (SDA) which provide economically disadvantaged individuals with job training services at the local level. We developed a data base of participant and program information for one complete program year which is projectable to service delivery areas and program enrollees nationwide. We obtained extensive information that was consistently maintained on the characteristics, services, and post-program outcomes on approximately 5500 adult participants. This resulted in over one million items of information that formed the basis for our analysis.

To provide insight regarding the debate about who is and should be served and then what happens to enrollees after participation in the program, we constructed two significantly different groups of eligibles and participants--those who experience less difficulty in the labor market and those who experience more difficulty. This was done using demographic statistics, employment data, and the results of previous research and expert opinion on who experiences difficulty in the labor market. We also used the results of our own multiple regression

analyses of Current Population Survey (CPS) data. This provided us with those characteristics most strongly associated with the likelihood of individuals being able to find and maintain employment.

Based on this analysis, we found that males without recent work experience were very likely to have labor market difficulty if they also had all or all but one of the following characteristics:

--being a school dropout,
--receiving AFDC or general welfare, and
--being black or Hispanic.

Conversely males with recent work experience were much less likely to have labor market difficulty if they also had all or all but one of the following characteristics:

-- being a high school graduate,
-- not receiving AFDC or general welfare, and
-- being white.

For ease of reference we labeled these groups as "more job ready" and "less job ready." This classification also resulted in an intermediate group whose characteristics provided less contrast. We used the same characteristics for females but added being a "single parent with a dependent child" as an additional predictor of difficulty in entering the labor market.

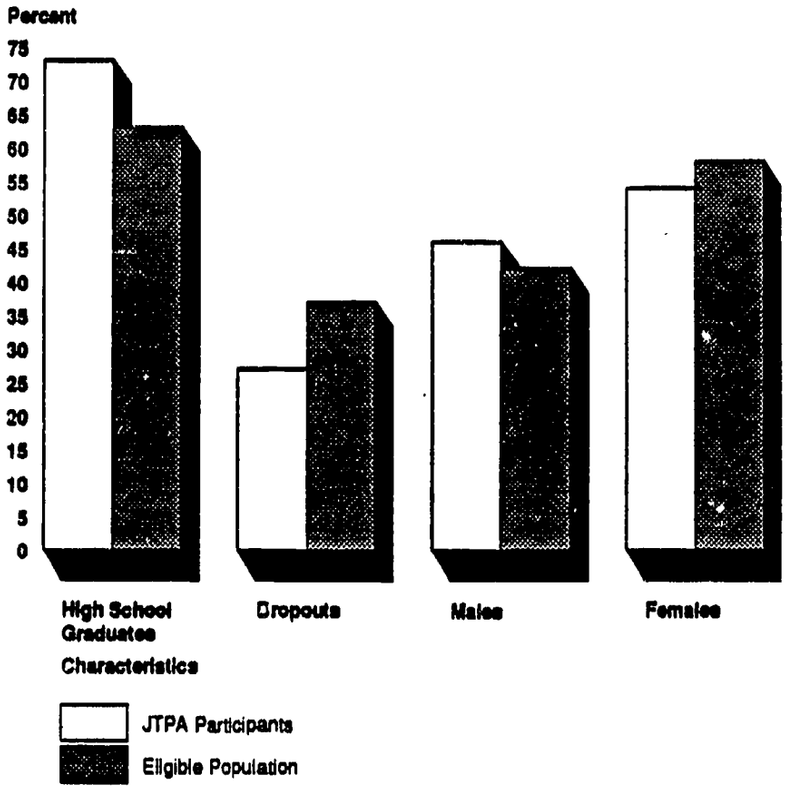
These characteristics were selected because they were generally available at SDAs; more direct predictors of labor market success such as literacy and less tangible attributes such as motivation were unavailable.

Our job readiness categorizations placed 19 percent of those sampled in the least job ready category, while 20 percent were in the more job ready category, and 61 percent had characteristics that placed them in the intermediate group with fewer of the polarizing characteristics.

LITTLE EVIDENCE OF TARGETING

We used the data collected to compare the characteristics of adults in the program with an estimated 10 million adults who are both eligible and likely to be in the job market. We found relatively little difference in the age, parental status, and percent of AFDC recipients among the two groups. For both groups, the mean age was approximately 30 years, about 30 percent were single parents and about 25 percent were on AFDC. However, as shown below, there were differences in other characteristics.

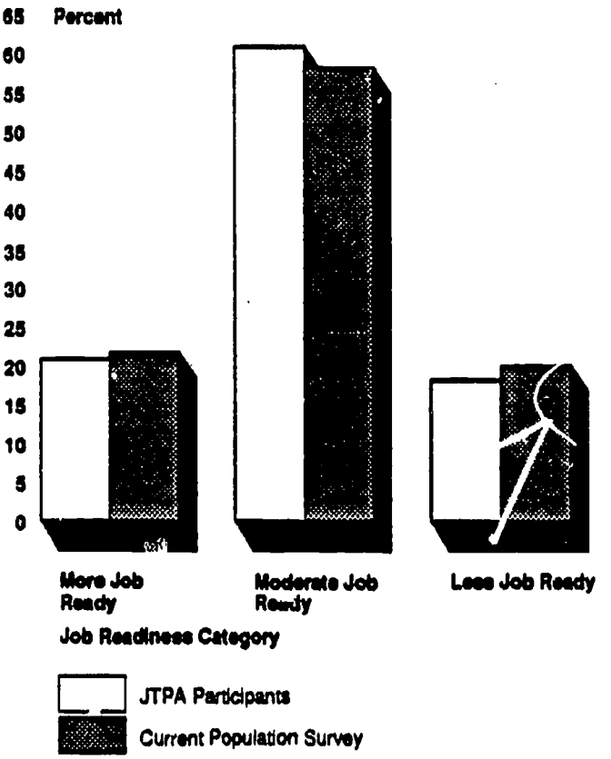
GAO Comparison Between JTPA and the Eligible Population



The most significant differences were in the education level of the participants versus the eligible population. A smaller percentage of school dropouts (27%) were being served than the percentage of school dropouts in the eligible population (37%). Conversely, a higher percentage of high school graduates were being served than the percentage of high school graduates in the eligible population.

To provide additional insight regarding service to those most in need we also compared the percentage in each job readiness group to the corresponding groups in the eligible universe estimated using the Current Population Survey. We found that overall, JTPA appears to be serving these three job readiness groups in roughly the same proportion as their incidence among those eligible.

GAO JTPA Participants Compared to the Eligible Population



Further analysis, however, showed that in each job readiness group the program was serving significantly fewer school dropouts than among the eligible population. (See exhibit 1.)

OVERVIEW OF PARTICIPANT SERVICES

Overall, JTPA participants spent an average of about 18 weeks enrolled in the program. During that time they received one or more of 4 broad categories of service (1) training in specific occupations, (2) basic education, (3) job search assistance, and (4) work experience. Two-thirds of JTPA participants received occupational training, either on-the-job (OJT) or in classroom training programs. Those participating in occupational classroom training received, on average, 415 hours of training and averaged about 20 weeks in this activity. OJT participants received an average of 435 hours of training and were enrolled in that activity for an average of about 13 weeks.

Job search assistance only was the next most common activity provided to program participants. About one-fourth of the participants received only job search assistance. These participants spent about 8 weeks in this activity. Basic education and work experience were the least frequent kinds of training provided. About 6 percent received basic education and 3 percent received work experience. Participants spent about 14 weeks in basic education or work experience.

To analyze the quality of training provided, we divided occupational training into three skill levels.

-- Higher skill, which included occupations such as electronic technician, licensed practical nurse, and auto mechanic.

-- Moderate skill, which included occupations such as clerk-typist, nurses aide, and word processor.

-- Lower skill, which included occupations such as custodian, housekeeper, and dishwasher.

Approximately one-fourth of all occupational training was in higher skill occupations, one-half in moderate, and the remaining fourth in lower skill positions. (See exhibit II for a listing of typical training occupations.) Much of the lower skill training was in occupations generally predicted to be low or no-growth occupations. On the other hand, most of the moderate or higher skill training was in occupations predicted to have relatively strong growth rates.

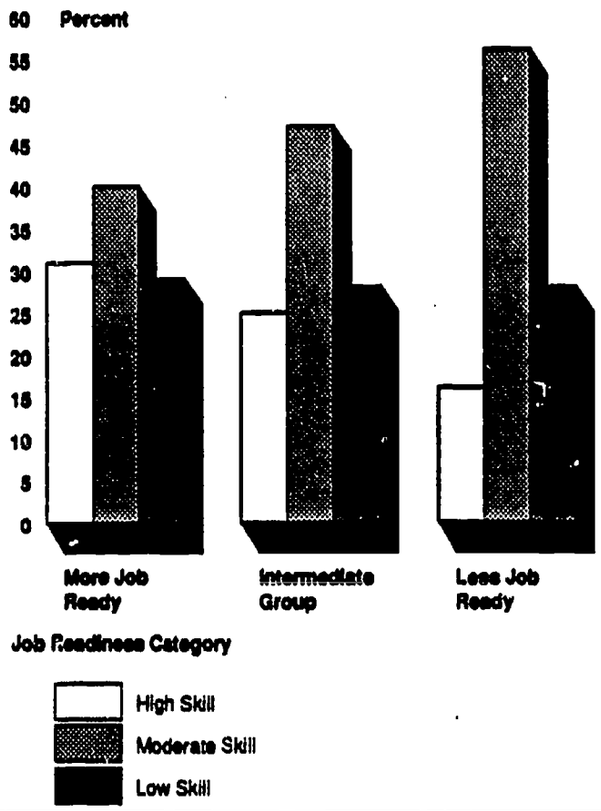
LESS JOB READY RECEIVE LESS INTENSE SERVICES

We compared the services received by those participants that we categorized as less job ready to the services received by those we classified as more job ready and found, on average, that the less job ready group got less intensive training.

Our analysis showed that the less job ready are less likely to receive occupational training than the other job readiness groups and when they do receive occupational training they receive fewer hours of training. Approximately 60 percent of the less job ready group received occupational training compared to 72 percent of the more job ready. The average length of time spent in occupational training was shorter for the less job ready--about 335 hours compared to about 470 hours for the more job ready.

In addition, training in higher skill occupations was more often provided to the more job ready, with about one-third receiving training in these higher skill positions compared to about 16 percent for the less job ready.

GAO Percent Receiving Various Skill Levels of Occupational Training



The less job ready were more apt to receive job search assistance only than the other two job readiness groups. About 27 percent of those needing more labor force preparation received only job search assistance. Approximately 22 percent of the more job ready received only job search.

All the above suggests that although the less job ready are being served in rough proportion to their incidence in the eligible population, they are not receiving the same kind and intensity of services as the more job ready. Furthermore, because the cost of training increases with an increase in the intensity of services, it would appear that less JTPA funding is spent on the less job ready even though they may need more assistance to prepare them for employment.

EMPLOYMENT OUTCOMES VERSUS TRAINING PROVIDED

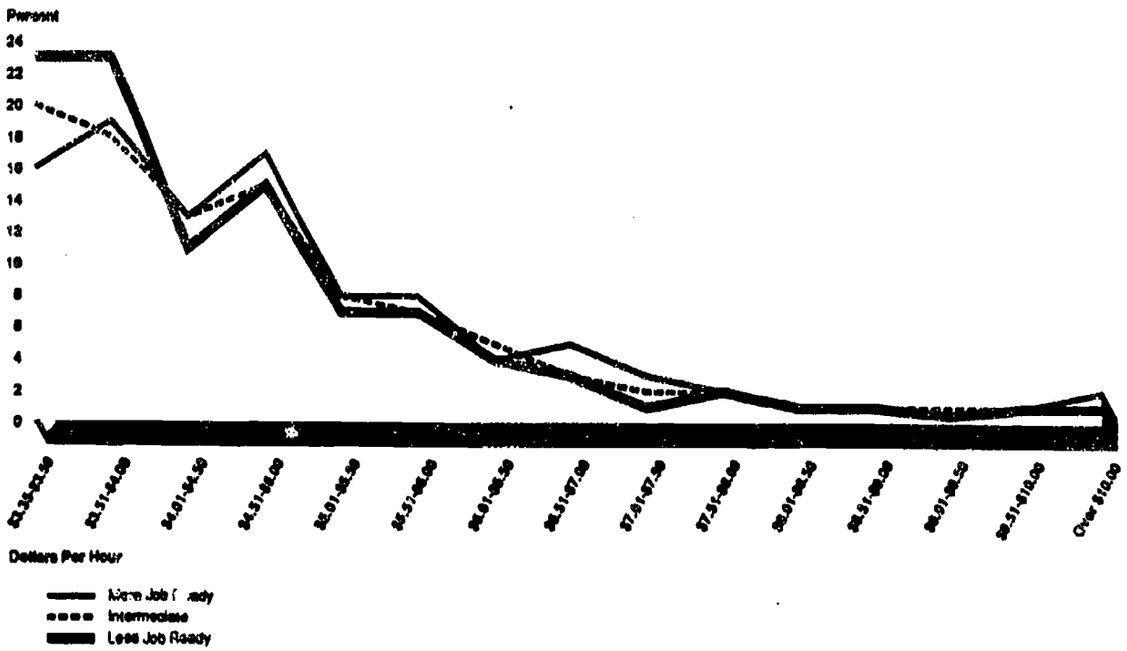
Overall, JTPA found jobs for about 72 percent of the adult enrollees and the initial wages of those who found jobs averaged $4.96 an hour. While those who received only job search assistance had higher placement rates, those who received occupational training generally received higher skilled jobs with higher wages.

Training Activity	Percent Placed	Average Wage
Occupational Training	72	$5.02
Job Search Assistance Only	77	4.89
Non-occupational Training	55	4.52

When we categorized participants by our job readiness categories, we found that about 79 percent of the more job ready obtained jobs with an average starting wage of $5.08, while about 61 percent of the less job ready obtained jobs with an average starting wage of $4.77. (See exhibits III and IV for additional details.)

As might be expected, among the three job readiness groups, a greater number of those who were less ready to enter the labor force were placed in jobs with a low hourly wage. For example, about one half of the less job ready placements received a wage ranging between $3 and $4 an hour, whereas about one-third of the intermediate and more job ready received these relatively low wages and the distribution of placements at wage levels above $4.00 were remarkably similar.

GAO Wage Distribution



A LINK TO TRAINING?

Our analysis indicated that the percent receiving jobs from higher, moderate, and lower skill occupational training was about the same and that the quality of the job obtained is strongly correlated with the kind of training received. As shown below, the majority of those who received training in higher skill occupations obtained jobs in higher skill occupations. A similar relationship existed for a majority who were trained in moderate or lower skill jobs.

SKILL LEVELS OF JOBS MATCH SKILL LEVELS OF TRAINING

Level of Training	Percent Placed	Skill Level of Job Obtained		
		Higher	Moderate	Lower
			(percent)	
Total Adults				
Higher	71	**72**	13	15
Intermediate	70	4	**86**	10
Lower	77	2	6	**92**

Note: See also Exhibit V.

This relationship of training to jobs was equally strong among the three job readiness groups. (See exhibit VI.) For example,

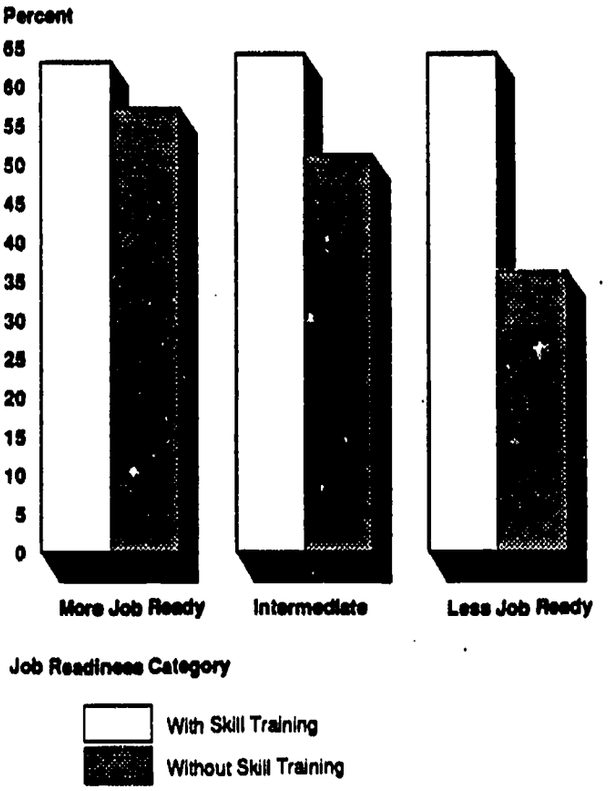
-- three-fourths of the more job ready who received higher skill occupational training and were placed in jobs got higher skill occupations paying an average starting wage of $5.81 per hour; and

-- over 90 percent of the less job ready who received moderate skill occupational training and obtained jobs, were placed in moderate skill occupations paying an average starting wage of $5.05 per hour.

We also found that the participants who receive moderate or higher skill occupational training appear to get better jobs than those who received other training or services. Almost 90 percent of the participants who received moderate or higher skill occupational training and who were placed, obtained jobs in moderate or higher skill occupations. This compared to about one-third of those who received lower skill occupational training, job search assistance only, or non-occupational training.

As shown in the following illustration a larger percentage of participants who obtained jobs after receiving occupational training obtained moderate or higher skill jobs than participants who received other training or services. This was true regardless of the participants' job readiness.

GAO High/Moderate Skill Job Placements

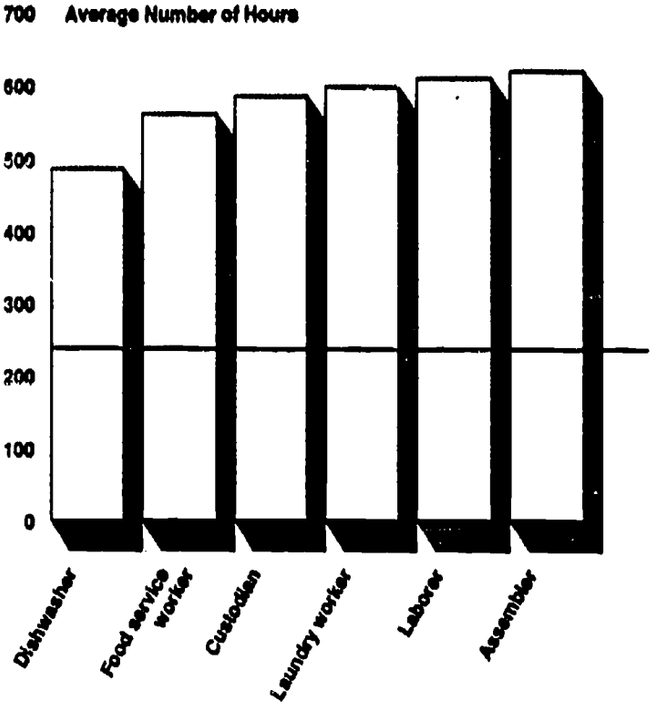


ON-THE-JOB TRAINING

On-the-job training enables JTPA participants to earn wages while receiving specific vocational training in a work setting. Participants received OJT in a variety of occupations; however, over 40 percent of the on-the-job training in JTPA was in lower skill occupations, such as custodian, housekeeper, dishwasher, laundry worker, and laborer.

While such training may be appropriate for certain individuals, much of it was very likely too long. The Department of Labor has developed estimates for the amount of training time required to learn all jobs in the economy ranging from a short demonstration to over 10 years. We found that over one-half of the on-the-job training contracts in lower skill occupations provided for training in excess of Labor's suggested training time. For example, Labor suggests that the training period for the lower skill occupations shown in the next chart should be no more than 30 days, or about 240 hours. Yet we found that the

GAO Much Low-Skill OJT Takes Longer Than Necessary



average training time for most of the OJT contracts in these occupations was more than double the suggested training period. As shown below, 85 percent of the OJT contracts for training custodians exceeded Labor's suggested training time. The average training time for these contracts was about 585 hours, far in excess of the suggested training time of 240 hours.

Because JTPA generally reimburses employers for one-half of the participants' wages while in training, excessive training periods increases JTPA costs, and, in effect provides employers with a wage subsidy. While such subsidies may be appropriate for certain difficult-to-place individuals, it was not these individuals who were given long-term lower skill on-the-job training. About 85 percent of these OJT contracts were filled by individuals who were fairly well prepared to enter the labor

market, and who could be expected to learn dishwashing or janitorial skills in the 30 days suggested by Labor, as opposed to the 12-14 weeks being provided under OJT.

CONCLUSIONS

The nature of our work prevents us from drawing explicit conclusions regarding program net impact. We have not performed an impact evaluation complete with a control group of non-participants. What we have done is collect information allowing us to calculate some gross measures of employment and wage rates at program completion. From past experience we know that many of the initial job placements achieved for participants will be short lived.

However, higher overall placement rates and placement wages are generally thought to be positively correlated with future longer term labor market success, and they are the best measures currently available of program success.

These measures are also strongly related to the current JTPA performance measures. Local program managers can and probably do structure their programs to score positively on these performance measures.

Nonetheless, the entire premise of the program is that training does make a difference and our evidence does on a prima facia basis lend credence to this appealing thesis. We find that those who receive more significant training and other interventions get better jobs. We also find that among the least job ready, those who get more intensive training do better at placement than those who receive less intensive services.

POLICY IMPLICATIONS

The information we have collected provides what we believe are important insights into the possible relationships between the kind of program services provided and occupational outcomes for participants. And, although we do not believe it is possible for us to make firm recommendations based on this information, we do believe that the information is sufficient to suggest that a variety of potential program changes warrant consideration. Most of these changes would require judgements regarding the tradeoffs between the higher cost of providing more intensive services and the number of persons who can be served, as well as the number versus the quality of job placements.

-- Those in greatest need who could benefit were described by Congress as the group to be served by JTPA. Yet we found that considering relative need, the least job ready segment of the eligible population was served to no greater degree than those who were much more likely to be successful in the

labor market. We also found that given more intensive intervention the program could achieve very positive program outcomes for many less job ready participants. Given these facts, Congress may wish to consider whether some additional guidance on program targeting is desirable.

-- We found that more significant occupational outcomes are associated with more extensive and higher skill training for both the more and less job ready individuals. However, a substantial percentage of JTPA resources are going to prepare individuals for low paying occupations with limited futures. Although these findings do not prove conclusively that the more costly training is cost effective, we believe they are suggestive that this would be an area for fruitful future program experimentation.

-- The kind of detailed participant information we collected to perform our analysis is not currently available from the Department of Labor and we believe it would be particularly useful for oversight and program management at both the federal and local level. Such information would be particularly important if further targeting or greater use of high skill training were to be encouraged. Because the current administration is generally reluctant to collect information not clearly mandated by the Congress, some more explicit data collection guidance would be needed if such participant data is desired.

-- And with regard to on-the-job training which in many instances appears to have been more expensive than necessary we believe the department should exercise more explicit oversight and provide clearer guidance on what duration of OJT is appropriate for specific occupations.

In making major changes in this program, it will be necessary to consider a variety of points of view, gather other relevant information and weigh the tradeoffs implicit in such policy changes. We believe these hearings provide an excellent way to begin that process.

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That concludes my prepared statement. My colleagues and I will be happy to answer any questions you or other members of the Committee may have.

EXHIBIT I

EXHIBIT I

CHARACTERISTICS OF JTPA PARTICIPANTS AND ELIGIBLES BY JOB READINESS GROUP

	MJRs		IJRs		LJRs	
	GAO Data	CPS	GAO Data	CPS	GAO Data	CPS
Dropouts	13%	19%	20%	31%	61%	73%
Race						
White	78	85	64	68	17	14
Black/Hispanic	22	15	36	32	83	86
AFDC	4	2	18	17	66	77
Single Parent	10	9	26	21	60	68
Work Experience	100	100	13	14	0	0
No Work Experience	0	0	87	86	100	100

EXHIBIT II

EXHIBIT II

DISTRIBUTION OF TYPICAL TRAINING OCCUPATIONS BY RELATIVE SKILL LEVEL

LOWER SKILL		MODERATE SKILL	
Machine Operator	18%	Clerk/Typist	26%
Assembler	13%	Secretary	8%
Custodian	12%	Nurses Aide	6%
Food Service Worker	7%	Salesperson	6%
Cashier	7%	Word Processor	6%
Agricultrual trades	4%	Bookkeeper	6%
Laborer	4%	Truck Driver	4%
Housekeeper	4%	Cook	3%
Packer	3%	Construction Trades	3%
Child Care Worker	3%	Health Care Worker	3%
Stock Clerk	2%	Security Guard	2%
Dishwasher	2%	Auto Body Repair	2%
Textile Worker	2%	Keypunch Operator	1%

HIGHER SKILL			
Electronic Technician	17%	Welder	6%
Licensed Practical Nurse	10%	Carpentry Trades	5%
Computer Operator	7%	Electrical Trades	4%
Machinist	7%	Cosmetologist	3%
Auto Mechanic	7%	Drafting	2%
Management Occupations	7%	Machine Repair	2%

EXHIBIT III.1

EXHIBIT III.1

All Adults

Services and Outcomes by Skill Level

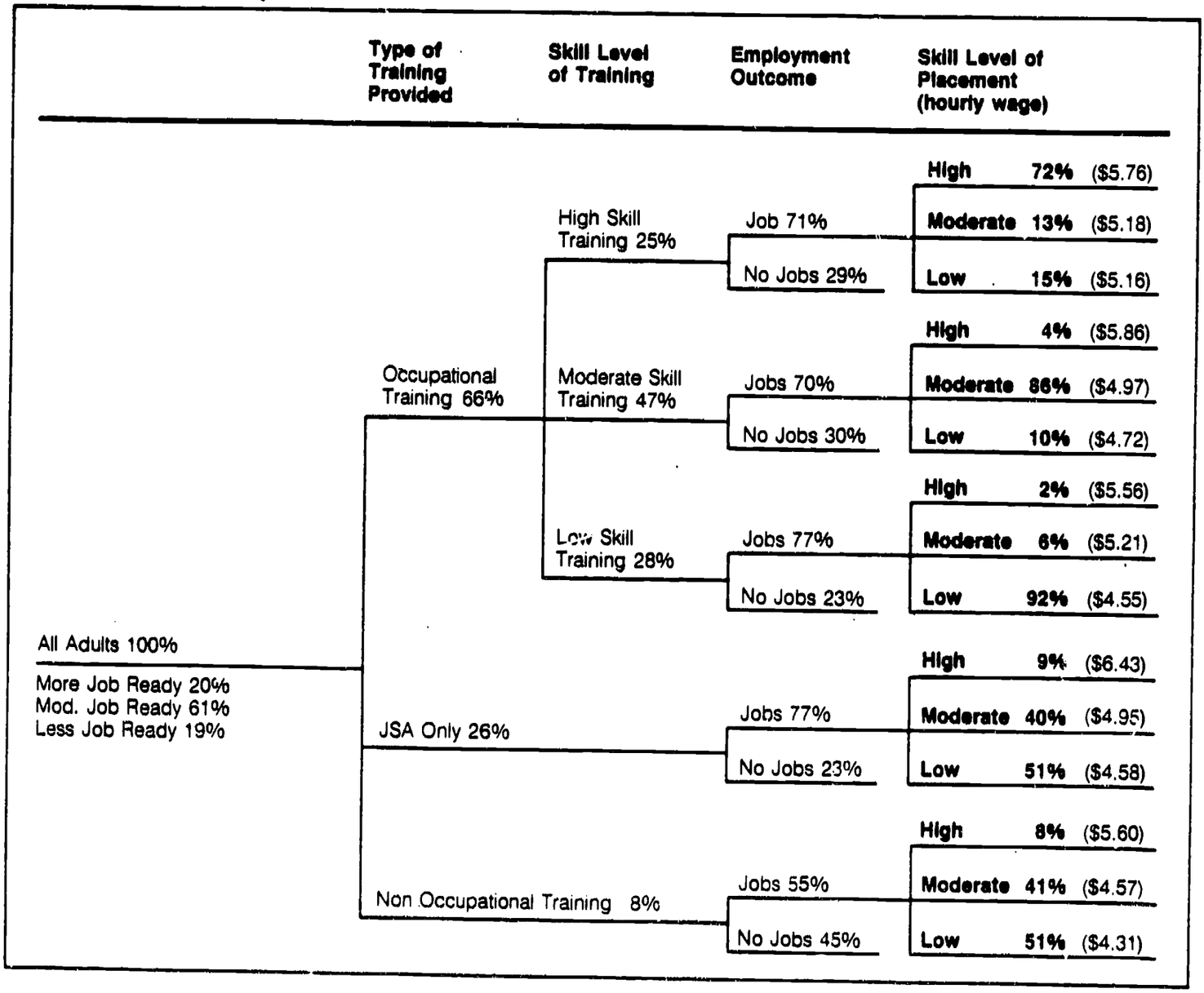

EXHIBIT III.2

EXHIBIT III.2

More Job Ready Adults

Services and Outcomes by Skill Level

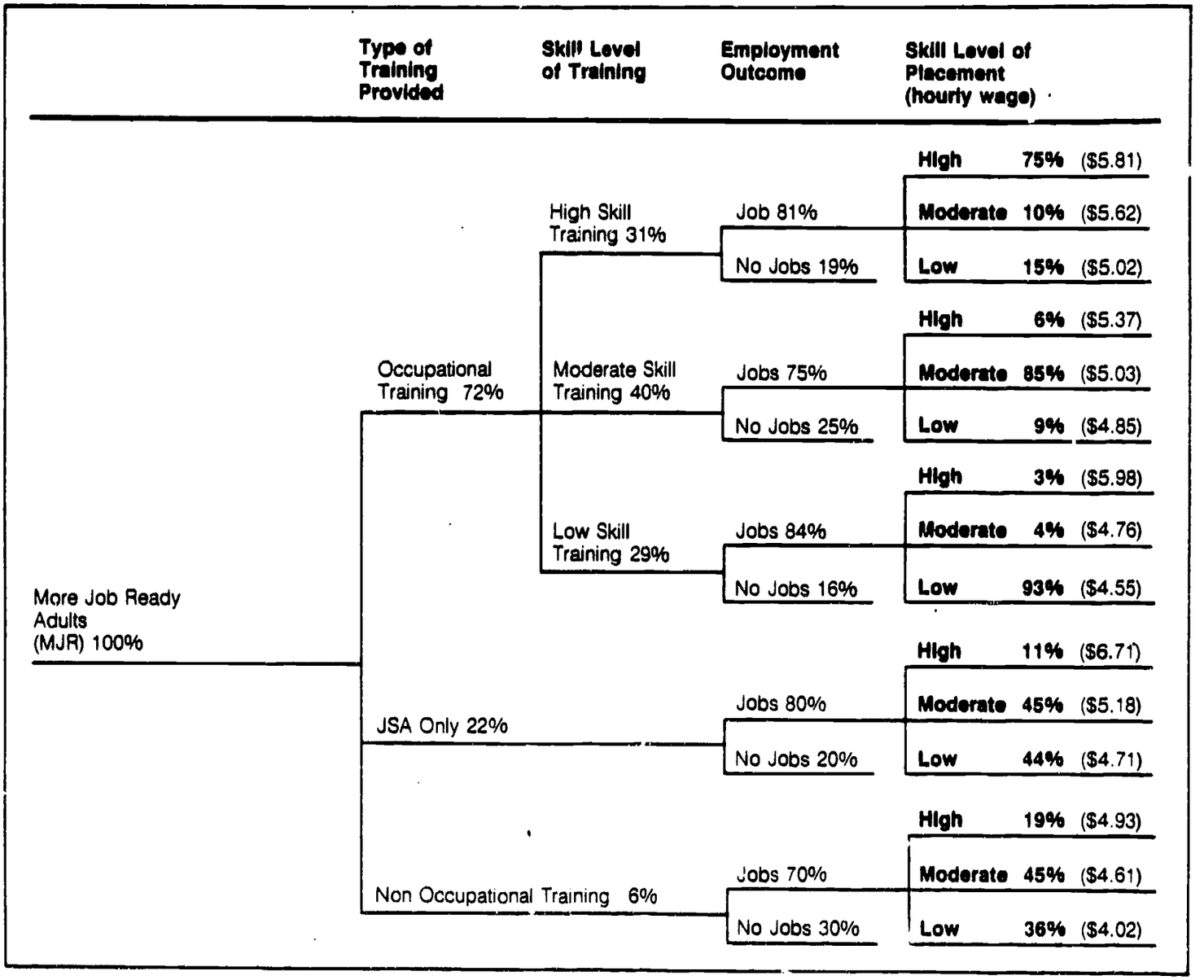

EXHIBIT III.3

EXHIBIT III.3

Intermediate Group Adults

Services and Outcomes by Skill Level

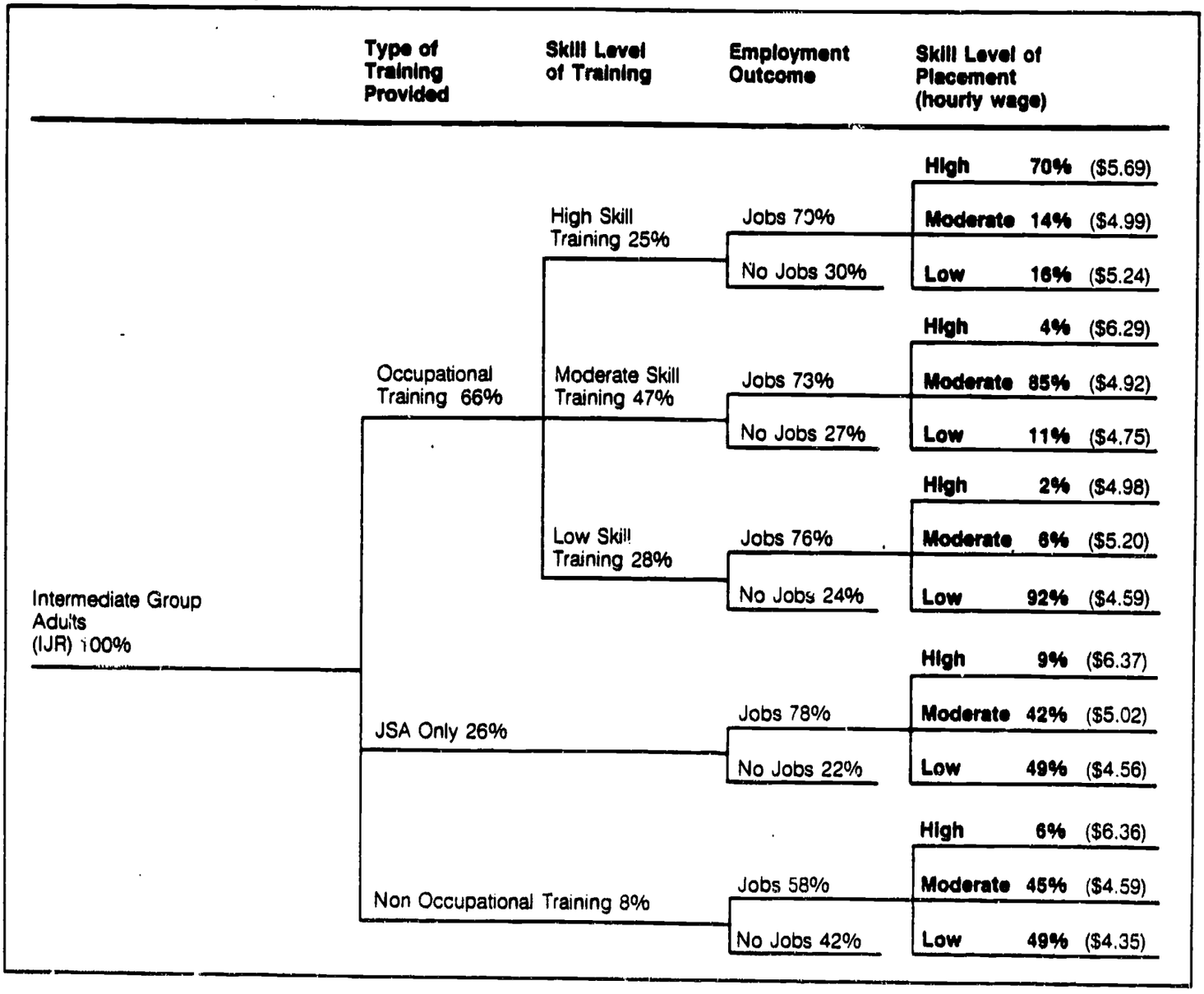

EXHIBIT III.4

Less Job Ready Adults

Services and Outcomes by Skill Level

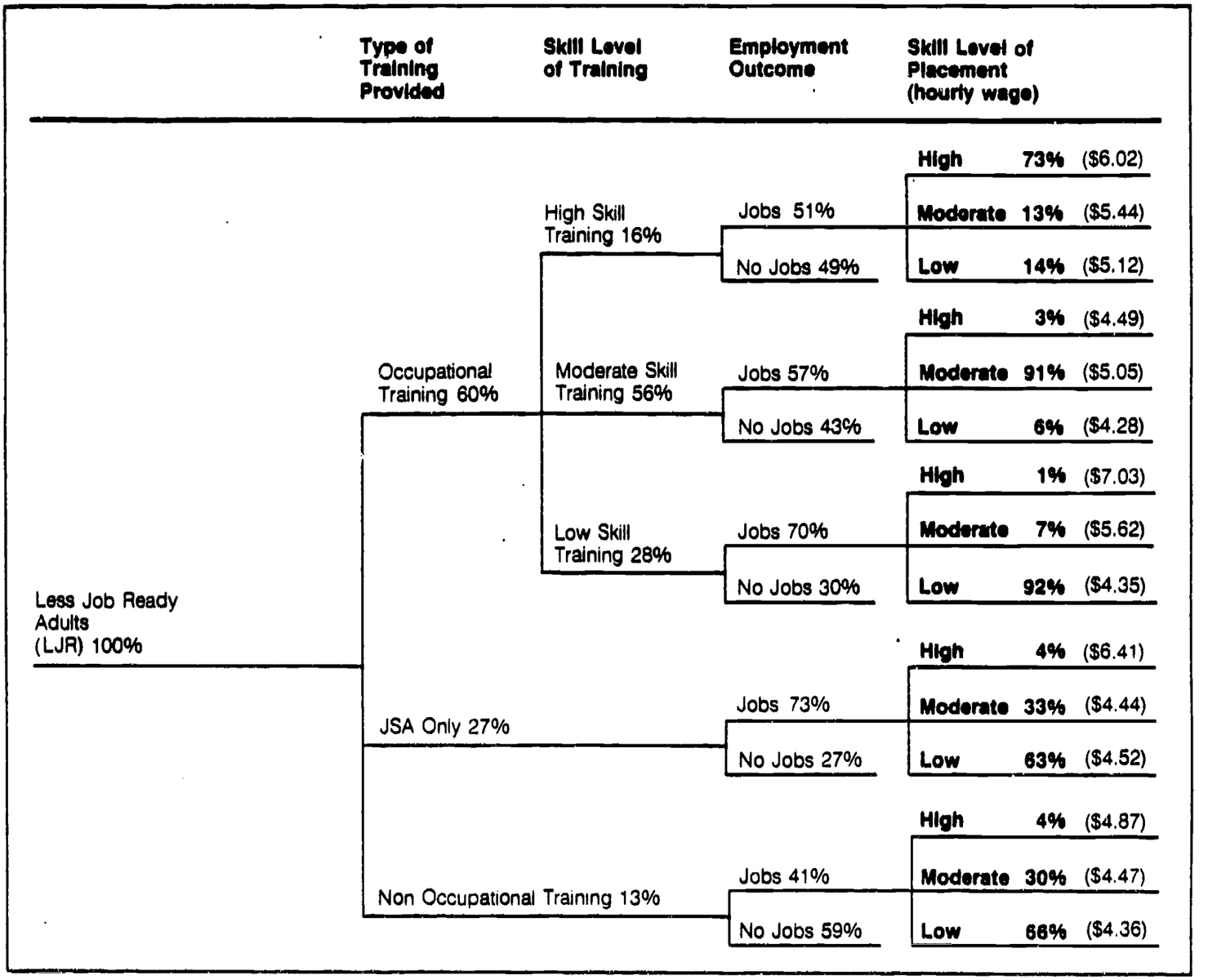

EXHIBIT IV

PLACEMENT WAGE BY TRAINING ACTIVITY AND JOB READINESS GROUP

Training Activity	Placement Job Hourly Wage			
	All Adults	More Job Ready	Intermediate Job Ready	Less Job Ready
Occupational training				
Higher skill	$5.59	$5.69	$5.52	$5.82
Moderate skill	4.98	5.03	4.96	4.99
Lower skill	4.60	4.61	4.64	4.47
Job search assistance only	4.89	5.15	4.92	4.56
Non-occupational training	4.52	4.46	4.58	4.42

EXHIBIT V

GAO Outcomes by Skill Level of Occupational Training (Adults)

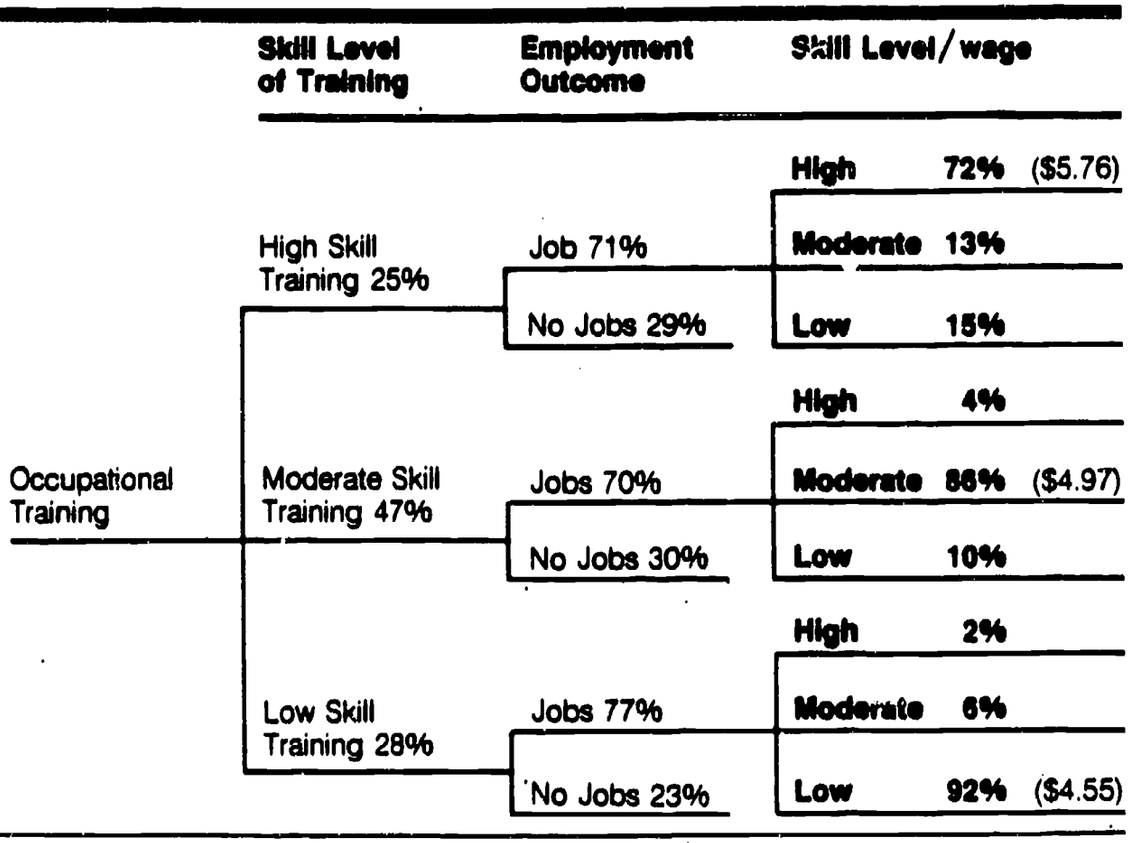

EXHIBIT VI

EXHIBIT VI

SKILL LEVEL OF JOB BY LEVEL OF TRAINING

Level of Training	Percent Placed	Skill Level of Job Obtained		
		Higher	Moderate (percent)	Lower
MJR				
Higher	81	75	10	15
Moderate	75	6	85	9
Lower	84	3	4	93
IJR				
Higher	70	70	14	16
Moderate	73	4	85	11
Lower	76	2	6	92
LJR				
Higher	51	73	13	14
Moderate	57	3	91	6
Lower	70	1	7	92
Total Adults				
Higher	71	72	13	15
Moderate	70	4	86	10
Lower	77	2	6	92