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ABSTRACT

The Job Training Partnership Act (JTPA) Title II-A program is the main federal effort to enhance the employability of economically disadvantaged youths and adults. The amount of funds allotted to each state is determined by a formula that allocates two-thirds of available funds on the basis of relative unemployment levels and one-third on the basis of the number of disadvantaged persons in each state. This allocation formula produced a rise in expenditures per member of the civilian labor force and expenditures per disadvantaged person in Service Delivery Areas (SDA's) in rural areas between July 1987 and June 1988. This was due to the unusually high unemployment rates experienced by many nonmetro areas at the time. The current regional distribution of JTPA funds was compared with distributions obtained from application of two alternative formulas using measures of economic disadvantage (unweighted and weighted by the poverty rates). Application of either alternative produced a substantial reallocation of program activity among regions. Under either alternative, however, the New York/New Jersey region would receive substantially larger allocations, and the industrial Midwest would experience a substantial reduction. If one used the number of disadvantaged living in the SDA as the sole allocation criterion, metro SDA's enjoyed a measurable increase in JTPA funds. Metro/nonmetro differences in unemployment rates have been steadily diminishing. Therefore, nonmetro areas may be better served during the 1990's by a new funding formula emphasizing poverty rates more than unemployment rates. The report contains numerous tables. (KS)

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Metro/Nonmetro Funding Allocation Under Title II-A, Job Training Partnership Act

John M. Redman

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Abstract

The Job Training Partnership Act's (JTPA) Title II-A Program is the main Federal effort to enhance the employability of the economically disadvantaged. Relying primarily on unemployment rates, the JTPA allocation formula produced higher expenditures per disadvantaged person in the more rural areas between July 1987 and June 1988. This was due to the unusually high unemployment rates experienced by many nonmetro areas at the time. Metro/nonmetro differences in unemployment rates have been steadily declining, however, so that this funding advantage is rapidly diminishing. Nonmetro areas may be better served during the 1990's by a new funding formula emphasizing poverty rates more than unemployment rates.

Keywords: Job Training Partnership Act, nonmetro economics, rural economics, unemployment, poverty rate.

Acknowledgments

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Summary

The Job Training Partnership Act (JTPA) Title II-A program is the main Federal effort to enhance the employability of economically disadvantaged youths and adults. Administered by the U.S. Department of Labor (DoL), it is of particular importance to the many communities that have no other ongoing source of training funds and whose local revenue bases are too small to support sustained independent efforts.

The following report examines metro/nonmetro funding allocations under Title II-A during program year (PY) 87 (July 1987 through June 1988). Four major questions are addressed:

1. What is the current program structure, particularly the distribution of program activity and funding between metro and nonmetro areas under the existing method of allocation?

2. How does spending per member of the civilian labor force, per unemployed person, and per economically disadvantaged person vary between metro and nonmetro areas?

3. What factors are most important in determining spending patterns?

4. How do these patterns compare with those produced by allocation formulas relying more heavily on other measures of economic disadvantage?

During PY87, the Title II-A program had 610 Service Delivery Areas (SDA's). These are the program's local administrative units. Of these 610 SDA's, 261 (43 percent) were entirely in metropolitan areas (called metro SDA's). Another 129 (about 21 percent) were wholly in nonmetro areas (nonmetro SDA's). The remaining 220 (36 percent) contained both metro and nonmetro areas. Of these, 136 (22 percent of the 610) had less than half of their population living in nonmetro areas (metro dominant SDA's). The other 84 SDA's (14 percent of the 610) had more than half of their population living in nonmetro areas (nonmetro dominant SDA's).

Most program activity was concentrated in fewer than 20 States. Among the nonmetro dominant and nonmetro SDA's, 17 States accounted for two-thirds of the program terminees (the program's name for participants who completed training or otherwise left the program). Ten of the 14 largest programs are among these 17.

The typical program was of similar size (measured in terms of costs and participant numbers) in the metro, metro dominant, and nonmetro dominant SDA categories. The average nonmetro program was considerably smaller.

There was a smooth decline from metro to metro dominant to nonmetro dominant to nonmetro SDA's in average population density and prevailing wage rates and a smooth increase in unemployment and poverty rates.

Expenditures per disadvantaged person (that is, a person defined as disadvantaged in Title II-A of the Job Training Partnership Act) varied widely across SDA's. Disadvantaged individuals living in different SDA's consequently faced very different odds of receiving training.

The unemployment rate appears to be the key factor in explaining national patterns of expenditure per labor force member and per disadvantaged person. This appears to have particularly benefited the more rural SDA's because they had unusually high unemployment rates during the period studied. When the unemployment rate is controlled for, the number of economically disadvantaged persons living in an SDA was negatively associated with SDA expenditures per disadvantaged person.

SDA's with lower expenditures per local disadvantaged person were often those with a higher percentage of local families living below the poverty line. This suggests that jurisdictions with more severe problems frequently receive a lower relative level of JTPA support.

The current regional distribution of JTPA funds was compared with distributions obtained from application of two alternative formulas utilizing measures of economic disadvantage only. Application of either alternative produced a substantial reallocation of program activity among regions. Under either alternative, however, the New York/New Jersey region would receive substantially larger allocations, and the industrial Midwest would experience a substantial reduction.

If one uses the number of disadvantaged living in the SDA as the sole allocation criterion, metro SDA's enjoyed a measurable increase in JTPA funds. If one uses a formula that includes both the SDA poverty rate and the number of disadvantaged, nonmetro dominant SDA's experienced a substantial funding increase at the expense of a slight reduction in funding for the other three categories.

For those who work in rural development, the conclusions suggest that, by virtue of its reliance on unemployment rates, the current JTPA allocation formula produced higher expenditures per disadvantaged person in the more rural SDA's during the study period. This is a direct result of the unusually high unemployment rates in many nonmetro areas at the time.

Metro/nonmetro differences in unemployment rates have recently been declining, however, so the funding advantage provided by use of unemployment rates may be rapidly diminishing. In contrast, the metro/nonmetro poverty rate differential, defined in terms of the percentage of individuals living below the poverty line, has increased. In the future, heavier reliance on the poverty rate to allocate JTPA funds may thus offer nonmetro areas a funding advantage of comparable size and (probably) of greater stability than that afforded in recent years by the unemployment rate.

Metro/Nonmetro Funding Allocation Under Title II-A, Job Training Partnership Act

John M. Redman

Introduction

This report examines the subject of metro/nonmetro funding allocation under Title II-A of the Job Training Partnership Act (JTPA) during program year (PY) 87 (July 1987 through June 1988). Four major questions will be considered:

1. What is the current program structure, particularly the distribution of program activity/funding between metro and nonmetro areas under the existing allocation mechanism?

2. How does spending per member of the civilian labor force, per unemployed person, and per economically disadvantaged person vary between metro and nonmetro areas?

3. What factors are most important in determining spending patterns?

4. How do these patterns compare with those produced by allocation formulas relying more heavily on other measures of economic disadvantage?

Since the metro/nonmetro dimension of the Title II-A program has not so far received serious study, this analysis may prove particularly useful for those who work in the field of rural economic development.

Overview of The JTPA Title II-A Program

The Title II-A program, technically titled "Training Services for the Disadvantaged: Adult and Youth Programs," was authorized in 1982 as part of the original Job Training Partnership Act legislative package. This package also included summer youth employment and training programs (Title II-B), employment and training services for dislocated workers (Title III), services for native Americans and migrant and seasonal farmworkers (Title IV-A), the Job Corps (Title IV-B), and veterans' employment programs (Title IV-C).

Administered by the U.S. Department of Labor (DoL), Title II-A is the major Federal program designed to enhance the employability of the economically disadvantaged through training services.

Total local expenditure of Federal funds under Title II-A was about $1.6 billion in PY87.

The definition of economically disadvantaged used to determine an individual's eligibility for Title II-A services is given in the legislation, which specifies six different categories of eligibles:

1. An individual who receives, or who is a member of a family that receives, cash welfare payments under a Federal, State, or local welfare program. These programs include Aid to Families with Dependent Children, General Assistance, and Refugee Assistance.

2. Individuals whose total family income[1] for the 6 months prior to program application was less than the poverty level or less than 70 percent of the "lower living standard" income level,[2] whichever was higher.

3. An individual receiving food stamps.

4. A homeless person as defined under the McKinney Homeless Assistance Act.

5. A foster child on whose behalf State or local government payments are made.

6. Low-income handicapped individuals whose own income is less than the income thresholds in number 2 above but whose family income exceeds those thresholds.

Title II-A funds are provided as block grants to the States, which administer the JTPA structure. The program's local administrative districts are termed "Service Delivery Areas" or SDA's. The State is allowed broad discretion in defining SDA boundaries. This has resulted in wide variation across States in

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[1]Exclusive of unemployment compensation, child support payments, and welfare payments.

[2]The "lower living standard income" is defined in the legislation as "that income level (adjusted for regional, metropolitan, urban and rural differences and family size) determined annually by the Secretary [of Labor] based on the most recent 'lower living family budget' issued by the Secretary." This budget, in turn, was developed by the Bureau of Labor Statistics (BLS) as an alternative measure of poverty level income. Its computation was discontinued several years ago, however. The annual adjustments called for by the legislation are thus adjustments to the last budget issued by BLS. Caseworkers at the SDA level are provided both poverty line and lower living standard income levels for assessing individual eligibility. The eligibility determination is then made by applying the higher of the two measures to the individual's reported family income.

the number of SDA's within the State and the average SDA population. There were 610 SDA's during PY87.

The amount allotted to each State is determined by a formula that allocates two-thirds of available funds on the basis of relative unemployment levels[3] and one-third on the basis of the number of disadvantaged persons in each State. Seventy-eight percent of the block grant funding received by each State must be allocated to the SDA's by the same formula used to distribute funds across the States. These funds are termed "basic formula" funds. The remaining 22 percent is available for State "set-aside" activities:[4]

1. Eight (of the 22) percent to State education agencies for education and training services to eligible participants through cooperative agreements.

2. Six percent for (a) incentive grants to SDA's that exceed program performance standards and (b) technical assistance to SDA's.

3. Five percent for auditing and general program administration.

4. Three percent for special training for persons aged 55 and over who are economically disadvantaged.

Of the basic Title II-A formula funds received by the SDA from the State, 70 percent must be spent on training. Of the remaining 30 percent, no more than 15 percent may be spent for administrative costs. The other 15 percent is for support services for program participants (such as child care costs or

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[3]Technically, there are two unemployment-based measures. Each is used to allocate one-third of total program funding among the States. The first measure is defined as "the relative number of unemployed individuals residing in areas of substantial unemployment in each State as compared to the total number of such unemployed individuals in all such areas of substantial unemployment in all the States." An area of substantial unemployment is defined, in turn, as "any area of sufficient size and scope to sustain a program under part A of Title II of the Act and which has an average rate of unemployment of at least 6.5 percent for the most recent twelve months as determined by the Secretary [of Labor]." The second unemployment measure is "the relative excess number of unemployed individuals who reside in each State as compared to the total excess number of unemployed individuals in all the States." Excess number means the "...number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the State ..." or "...the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in each State."

[4]There is no information at the national level on how these set-aside funds are allocated between metro and nonmetro areas.

transportation). Forty percent of the dollars received must be spent on youth programs, and up to 10 percent may be spent on nondisadvantaged individuals with other important barriers to employment (such as the handicapped or ex-offenders).

Within the SDA, the Private Industry Council (PIC) is the chief administrative unit. The PIC is to "provide policy guidance for, and exercise oversight with respect to, activities under the job training plan for its service delivery area in partnership with the unit or units of general local government within its service delivery area" (Sec. 103(a) of the act). A majority of the PIC membership consists of representatives of the private sector, but it must also have local representation from organized labor, educational and rehabilitation agencies, community-based organizations, local economic development agencies, and the public employment service. This membership blend is intended to promote close program ties to the private business community, while maintaining direct input from other key institutions.

The PIC must work closely with local elected officials because any plan it develops must be approved by the chief elected official(s) of each general unit of government within the SDA or by their representative(s). The plan must, in addition, be reviewed and approved by the governor. This rather elaborate process is intended to produce a plan that has received broad review and political support and thus stands a good chance of effective, sustained implementation.

Besides approving the local plans, the governor has primary responsibility for ongoing administrative oversight. The governor also manages the State set-aside programs.

Table 1 provides basic information on the PY86 organizational structure and size of SDA's on a State-by-State basis.[5] A review of these structures suggests that States have taken five basic

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[5]Program data for PY 1986 and 1987 were obtained from the U.S. Department of Labor (DoL). The program year runs from July 1 through June 30 with PY87 ending on June 30, 1988. Data are reported to DoL by the individual States. The States, in turn, receive data from each of the local SDA's, the program's basic administrative unit. The standard reporting form used by all SDA's is called the JTPA Annual Status Report (JASR). The JASR provides information on activity levels, participant characteristics, and program cost. Population data used in this report to estimate the percentage of an SDA's total nonmetro population in 1986 are county- and minor civil division (MCD)-level estimates from the Bureau of the Census. Counties were designated as metro or nonmetro depending on whether they were within a metropolitan statistical area (MSA) as defined by the Office of Management and Budget (OMB) in 1983.

Table 1--Organizational and size characteristics of SDA's by State, PY86

SDA organization	PY86 number of SDA's	1986 State population	Mean pop. per SDA	Mean pop. per SDA type
		Number		
Single-State SDA's:	7			1,010,000
Delaware	1	632,700	632,700	
Dist. Columbia	1	626,100	626,100	
North Dakota	1	679,300	679,300	
South Carolina	1	3,375,300	3,375,300	
South Dakota	1	708,000	708,000	
Vermont	1	541,100	541,100	
Wyoming	1	507,500	507,500	
Modified single-State SDA's:	28			609,574
Alabama	3	4,052,300	1,350,767	
Alaska	3	533,600	177,867	
Maine	2	1,173,600	586,800	
Mississippi	3	2,625,500	875,167	
Montana	2	818,800	409,400	
Nebraska	3	1,597,800	532,600	
Nevada	2	963,200	481,600	
New Hampshire	2	1,026,900	513,450	
New Mexico	3	1,479,800	493,267	
Rhode Island	3	975,000	325,000	
West Virginia	2	1,918,800	959,400	
County-based SDA's:	155			310,678
Colorado	10	3,266,700	326,670	
Hawaii	4	1,062,300	265,575	
Idaho	6	1,002,500	167,083	
Indiana	17	5,503,600	323,741	
Iowa	16	2,850,800	178,175	
Kansas	5	2,460,400	492,080	
Kentucky	9	3,727,900	414,211	
Maryland	10	4,463,300	446,330	
North Carolina	26	6,331,600	243,523	
Tennessee	14	4,802,900	343,064	
Utah	9	1,665,300	185,033	
Washington	12	4,462,500	371,875	
Wisconsin	17	4,784,800	281,459	
Modified county-based SDA's:	396			375,674
Arizona	16	3,279,700	204,981	
Arkansas	10	2,372,200	237,220	
California	51	26,981,000	529,039	
Florida	24	11,674,900	486,454	
Georgia	18	6,104,300	339,128	
Illinois	26	11,553,200	444,354	
Louisiana	17	4,501,300	264,782	
Michigan	26	9,144,600	351,715	
Minnesota	17	4,213,900	247,876	
Missouri	15	5,066,000	337,733	
New Jersey	17	7,619,600	448,212	
New York	34	17,772,100	522,709	
Ohio	30	10,752,500	358,417	
Oklahoma	12	3,305,600	275,467	
Oregon	7	2,697,900	385,414	
Pennsylvania	28	11,889,200	424,614	
Texas	34	16,682,100	490,650	
Virginia	14	5,787,200	413,371	
Town-based SDA States:	24			371,547
Connecticut	9	3,188,700	354,300	
Massachusetts	15	5,831,900	388,793	
U.S. total, 1986	610	241,037,800	395,144	

Source: JTPA Annual Status Report data, as compiled by the U.S. Department of Labor, Office of Strategic Planning and Policy Development.

approaches[6] to defining their SDA jurisdictions. These approaches are:

1. The single-State SDA--all areas in the State are in one SDA. These SDA's had, on average, about 2-1/2 times the U.S. mean SDA population.

2. The modified single-State SDA--most of the physical area of the State is in a single SDA, but selected metro areas are designated as separate SDA's. The average SDA population in these States was about 1-1/2 times the U.S. mean.

3. County-based SDA's--SDA jurisdictional boundaries are defined exclusively in terms of county boundaries. The number of counties in each SDA varies widely within and between States. Average SDA size in these States was about 80 percent of the U.S. mean.

4. Modified county-based SDA's--SDA's are defined principally by county boundary, but selected urbanized areas within individual counties, such as a large city, are designated as separate SDA's. The balance of the affected counties are placed in different SDA's. Average SDA size was slightly below the national mean.

5. Town-based SDA's--Connecticut and Massachusetts define their SDA's principally in terms of town rather than county boundaries. SDA average size was also slightly below the national mean.

No one has examined SDA jurisdictional boundaries across the Nation to see how closely they correspond to local labor market areas.

Distribution of Program Activity by State and SDA Type

Tables 2, 3, and 4 present data regarding the distribution of program activity by what I call SDA type. These categories are defined in terms of the percentage of total 1986 SDA population living in nonmetro areas. Four types[7] were defined as follows:

1. Metro--zero percent of the SDA population living in nonmetro areas.

2. Metro dominant--0.01 to 49.99 percent of the SDA population living in nonmetro areas.

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[6]These categories were developed by the author for descriptive purposes only. There are no such regulatory definitions.

[7]These categories were also developed for this study only. There are no such regulatory definitions.

Table 2—Distribution of PY87 adult terminees by State, by SDA type, ranked by sum of terminees in nonmetro and nonmetro dominant SDA's

State	Total terminees	Total terminees per SDA type				Terminee percent of State total				Sum of nonmetro & nonmetro dominant terminees	Percent of total	Cumulative percent
		Metro n=261	Metro dominant n=136	Nonmetro dominant n=84	Nonmetro n=129	Metro n=261	Metro dominant n=136	Nonmetro dominant n=84	Nonmetro n=129			
	Number					Percent				Number	Percent	
Mississippi	10,155	1,291	0	8,864	0	13	0	87	0	8,864	6.7	6.7
North Carolina	12,000	3,203	1,555	3,249	3,993	27	13	27	33	7,242	5.5	12.2
Tennessee	11,928	1,954	3,926	3,223	2,825	16	33	27	24	6,048	4.6	16.7
Arkansas	7,118	163	1,022	2,856	3,077	2	14	40	43	5,933	4.5	21.2
Kentucky	8,254	1,075	1,549	4,746	884	13	19	57	11	5,630	4.3	25.5
Wisconsin	10,415	2,886	2,076	3,790	1,663	28	20	36	16	5,453	4.1	29.6
Michigan	23,312	13,222	4,717	1,188	4,185	57	20	5	18	5,373	4.1	33.7
Louisiana	11,700	4,425	2,264	3,550	1,461	38	19	30	12	5,011	3.8	37.5
Ohio	25,176	13,018	7,452	2,560	2,146	52	30	10	9	4,706	3.6	41.0
Illinois	25,610	14,696	6,223	459	4,232	57	24	2	17	4,691	3.5	44.6
Indiana	10,753	2,842	3,548	3,654	709	26	33	34	7	4,363	3.3	47.9
Missouri	9,659	3,966	1,379	1,153	3,161	41	14	12	33	4,314	3.3	51.1
Oklahoma	6,734	2,423	0	2,844	1,467	36	0	42	22	4,311	3.3	54.4
Texas	25,166	10,847	10,156	2,928	1,235	43	40	12	5	4,163	3.1	57.5
Minnesota	9,799	3,075	2,641	2,978	1,105	31	27	30	11	4,083	3.1	60.6
West Virginia	4,778	374	325	4,079	0	8	7	85	0	4,079	3.1	63.7
Georgia	8,946	2,469	2,539	2,796	1,142	28	28	31	13	3,938	3.0	66.7
Virginia	7,083	1,122	2,319	2,861	781	16	33	40	11	3,642	2.8	69.4
New York	34,356	30,445	378	1,412	2,121	89	1	4	6	3,533	2.7	72.1
Pennsylvania	20,134	12,049	4,821	1,351	1,913	60	24	7	10	3,264	2.5	74.6
Oregon	7,135	3,290	874	0	2,971	46	12	0	42	2,971	2.2	76.8
California	33,387	27,389	3,138	0	2,860	82	9	0	9	2,860	2.2	79.0
Iowa	5,961	0	3,129	365	2,467	0	52	6	41	2,832	2.1	81.1
South Dakota	2,318	0	0	2,318	0	0	0	100	0	2,318	1.8	82.9
Arizona	5,111	2,873	0	0	2,238	56	0	0	44	2,238	1.7	84.6
Washington	9,413	4,650	2,545	1,348	870	49	27	14	9	2,218	1.7	86.2
Montana	1,936	0	0	1,530	406	0	0	79	21	1,936	1.5	87.7
Idaho	2,639	0	758	0	1,881	0	29	0	71	1,881	1.4	89.1
Kansas	2,652	235	585	1,298	534	9	22	49	20	1,832	1.4	90.5
Colorado	6,935	4,300	1,019	0	1,616	62	15	0	23	1,616	1.2	91.7
Maine	1,787	182	0	1,605	0	10	0	90	0	1,605	1.2	92.9
New Mexico	2,195	717	0	1,385	93	33	0	63	4	1,478	1.1	94.1
Nebraska	2,182	662	150	1,370	0	30	7	63	0	1,370	1.0	95.1
Vermont	1,219	0	0	1,219	0	0	0	100	0	1,219	.9	96.0
North Dakota	982	0	0	982	0	0	0	100	0	982	.7	96.7
Wyoming	960	0	0	960	0	0	0	100	0	960	.7	97.5
Utah	2,711	118	1,742	0	851	4	64	0	31	851	.6	98.1
Alaska	818	0	278	0	540	0	34	0	66	540	.4	98.5
New Hampshire	568	75	0	493	0	13	0	87	0	493	.4	98.9
Florida	21,560	10,953	10,126	0	481	51	47	0	2	481	.4	99.3
Maryland	8,779	7,481	824	120	354	85	9	1	4	474	.4	99.6
Hawaii	1,205	859	0	0	346	71	0	0	29	346	.3	99.9
Connecticut	2,663	1,898	610	155	0	71	23	6	0	155	.1	100.0
South Carolina	5,945	0	5,945	0	0	0	100	0	0	0	0	100.0
Rhode Island	1,000	653	347	0	0	65	35	0	0	0	0	100.0
New Jersey	7,732	7,732	0	0	0	100	0	0	0	0	0	100.0
Nevada	1,675	0	1,675	0	0	0	100	0	0	0	0	100.0
Massachusetts	4,606	4,079	527	0	0	89	11	0	0	0	0	100.0
District of Columbia	1,788	1,788	0	0	0	100	0	0	0	0	0	100.0
Delaware	1,156	0	1,156	0	0	0	100	0	0	0	0	100.0
Alabama	9,816	3,531	6,285	0	0	36	64	0	0	0	0	100.0
Total	441,910	209,010	100,603	75,689	56,608	47	23	17	13	132,297		

Source: JTPA Annual Status Report data, as compiled by the U.S. Department of Labor, Office of Strategic Planning and Policy Development.

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Table 3--Distribution of PY87 welfare adult terminees by State, by SDA type, ranked by sum of terminees in nonmetro and nonmetro dominant SDA's

State	Total welfare terminees	Total terminees per SDA type				Terminee percent of State total				Sum of nonmetro & nonmetro dominant terminees	Percent of total	Cumulative percent
		Metro n=261	Metro dominant n=136	Nonmetro dominant n=84	Nonmetro n=129	Metro n=261	Metro dominant n=136	Nonmetro dominant n=84	Nonmetro n=129			
	Number				Percent				Number	Percent		
Michigan	10,267	5,422	2,406	486	1,953	53	23	5	19	2,439	7.2	7.2
Wisconsin	4,694	1,574	975	1,488	657	34	21	32	14	2,145	6.3	13.5
Ohio	11,337	6,250	2,973	1,181	933	55	26	10	8	2,114	6.2	19.7
Mississippi	1,875	135	0	1,740	0	7	0	93	0	1,740	5.1	24.8
Minnesota	4,720	1,668	1,352	1,263	437	35	29	27	9	1,700	5.0	29.8
New York	10,899	9,016	191	608	1,084	83	2	6	10	1,692	5.0	34.8
North Carolina	2,743	696	390	687	970	25	14	25	35	1,657	4.9	39.7
Illinois	9,787	5,981	2,216	143	1,447	61	23	1	15	1,590	4.7	44.3
West Virginia	1,552	126	122	1,304	0	8	8	84	0	1,304	3.8	48.2
Pennsylvania	7,703	4,845	1,755	457	646	63	23	6	8	1,103	3.2	51.4
California	10,687	8,895	786	0	1,006	83	7	0	9	1,006	3.0	54.4
Tennessee	2,074	415	667	491	501	20	32	24	24	992	2.9	57.3
Arkansas	1,119	27	134	531	427	2	12	47	38	958	2.8	60.1
Missouri	1,876	763	193	241	679	41	10	13	36	920	2.7	62.8
Georgia	2,148	621	631	566	330	29	29	26	15	896	2.6	65.5
Texas	4,915	2,190	1,851	662	212	45	38	13	4	874	2.6	68.0
Iowa	1,854	0	1,013	140	701	0	55	8	38	841	2.5	70.5
Virginia	1,866	376	703	642	145	20	38	34	8	787	2.3	72.8
Louisiana	1,769	704	296	506	263	40	17	29	15	769	2.3	75.1
Kentucky	1,143	190	232	584	137	17	20	51	12	721	2.1	77.2
Oklahoma	1,064	344	0	469	251	32	0	44	24	720	2.1	79.3
Washington	3,045	1,535	878	387	245	50	29	13	8	632	1.9	81.2
Oregon	1,358	604	145	0	609	44	11	0	45	609	1.8	83.0
Indiana	1,505	452	487	483	83	30	32	32	6	566	1.7	84.6
Montana	560	0	0	407	153	0	0	73	27	560	1.6	86.3
Vermont	487	0	0	487	0	0	0	100	0	487	1.4	87.7
Maine	537	69	0	468	0	13	0	87	0	468	1.4	89.1
Kansas	770	71	240	361	98	9	31	47	13	459	1.3	90.4
Arizona	1,358	903	0	0	455	66	0	0	34	455	1.3	91.8
South Dakota	351	0	0	351	0	0	0	100	0	351	1.0	92.8
Nebraska	630	252	36	342	0	40	6	54	0	342	1.0	93.8
Idaho	461	0	169	0	292	0	37	0	63	292	.9	94.7
Colorado	1,612	1,156	203	0	253	72	13	0	16	253	.7	95.4
North Dakota	220	0	0	220	0	0	0	100	0	220	.6	96.1
New Mexico	317	99	0	202	16	31	0	64	5	218	.6	96.7
Maryland	3,756	3,277	264	34	181	87	7	1	5	215	.6	97.3
Utah	692	26	465	0	201	4	67	0	29	201	.6	97.9
Wyoming	194	0	0	194	0	0	0	100	0	194	.6	98.5
New Hampshire	167	18	0	149	0	11	0	89	0	149	.4	98.9
Alaska	176	0	61	0	115	0	35	0	65	115	.3	99.3
Hawaii	344	255	0	0	89	74	0	0	26	89	.3	99.5
Florida	3,790	1,835	1,870	0	85	48	49	0	2	85	.2	99.8
Connecticut	1,264	963	227	74	0	76	18	6	0	74	.2	100.0
District of Columbia	155	155	0	0	0	100	0	0	0	0	0	100.0
Nevada	148	0	148	0	0	0	100	0	0	0	0	100.0
South Carolina	1,550	0	1,550	0	0	0	100	0	0	0	0	100.0
Delaware	386	0	386	0	0	0	100	0	0	0	0	100.0
Massachusetts	2,042	1,796	246	0	0	88	12	0	0	0	0	100.0
Rhode Island	415	285	130	0	0	69	31	0	0	0	0	100.0
New Jersey	2,797	2,797	0	0	0	100	0	0	0	0	0	100.0
Alabama	1,019	538	481	0	0	53	47	0	0	0	0	100.0
Total	128,198	67,324	26,872	18,348	15,654	53	21	14	12	34,002		

Source: JTPA Annual Status Report data, as compiled by the U. S. Department of Labor, Office of Strategic Planning and Policy Development.

Table 4—Distribution of PY87 youth terminees by State, by SDA type, ranked by sum of terminees in nonmetro and nonmetro dominant SDA's

State	Total youth terminees	Total terminees per SDA type				Terminee percent of State total				Sum of nonmetro & nonmetro dominant terminees	Percent of total	Cumulative percent
		Metro n=261	Metro dominant n=136	Nonmetro dominant n=84	Nonmetro n=129	Metro n=261	Metro dominant n=136	Nonmetro dominant n=84	Nonmetro n=129			
	Number					Percent				Number	Percent	
Mississippi	10,502	1,666	0	8,836	0	16	0	84	0	8,836	8.1	8.1
North Carolina	11,992	2,084	1,551	4,266	4,091	17	13	36	34	8,357	7.6	15.7
Kentucky	9,588	1,488	1,202	5,813	1,085	16	13	61	11	6,898	6.3	22.0
Tennessee	11,272	1,434	3,134	3,500	3,204	13	28	31	28	6,704	6.1	28.1
Louisiana	14,048	4,187	3,184	4,927	1,750	30	23	35	12	6,677	6.1	34.2
Arkansas	5,721	196	623	2,995	1,907	3	11	52	33	4,902	4.5	38.7
Wisconsin	8,267	2,397	1,886	2,476	1,508	29	23	30	18	3,984	3.6	42.3
Georgia	7,884	1,556	2,517	2,512	1,299	20	32	32	16	3,811	3.5	45.8
Illinois	23,415	14,539	5,100	238	3,538	62	22	1	15	3,776	3.4	49.2
Michigan	15,226	8,367	3,373	569	2,917	55	22	4	19	3,486	3.2	52.4
Ohio	21,803	13,098	5,529	1,322	1,854	60	25	6	9	3,176	2.9	55.3
Oklahoma	5,022	1,894	0	2,367	761	38	0	47	15	3,128	2.9	58.2
Texas	21,824	9,880	8,828	2,048	1,068	45	40	9	5	3,116	2.8	61.0
Missouri	7,249	3,387	854	954	2,054	47	12	13	28	3,008	2.7	63.8
Virginia	6,788	1,485	2,333	2,350	620	22	34	35	9	2,970	2.7	66.5
Indiana	7,511	2,273	2,660	2,087	491	30	35	28	7	2,578	2.4	68.8
California	29,704	25,411	1,719	0	2,574	86	6	0	9	2,574	2.3	71.2
Minnesota	5,443	1,904	988	1,803	748	35	18	33	14	2,551	2.3	73.5
West Virginia	2,799	233	109	2,457	0	8	4	88	0	2,457	2.2	75.8
New York	21,252	18,645	242	796	1,569	88	1	4	7	2,365	2.2	77.9
Pennsylvania	15,839	10,821	2,921	1,017	1,080	68	18	6	7	2,097	1.9	79.8
New Mexico	2,466	637	0	1,641	188	26	0	67	8	1,829	1.7	81.5
Oregon	4,853	2,689	382	0	1,782	55	8	0	37	1,782	1.6	83.1
Arizona	4,611	2,891	0	0	1,720	63	0	0	37	1,720	1.6	84.7
Iowa	3,993	0	2,294	205	1,494	0	57	5	37	1,699	1.6	86.2
Washington	7,099	3,564	1,889	1,047	599	50	27	15	8	1,646	1.5	87.7
Kansas	2,472	577	365	1,012	518	23	15	41	21	1,530	1.4	89.1
South Dakota	1,403	0	0	1,403	0	0	0	100	0	1,403	1.3	90.4
Colorado	4,446	2,583	530	0	1,333	58	12	0	30	1,333	1.2	91.6
Idaho	1,766	0	504	0	1,262	0	29	0	71	1,262	1.2	92.8
Maine	1,248	59	0	1,189	0	5	0	95	0	1,189	1.1	93.9
Montana	1,126	0	0	903	223	0	0	80	20	1,126	1.0	94.9
Vermont	851	0	0	851	0	0	0	100	0	851	.8	95.7
Nebraska	1,075	263	46	766	0	24	4	71	0	766	.7	96.4
Wyoming	684	0	0	684	0	0	0	100	0	684	.6	97.0
Maryland	5,799	4,506	728	190	375	78	13	3	6	565	.5	97.5
Alaska	894	0	354	0	540	0	40	0	60	540	.5	98.0
North Dakota	494	0	0	494	0	0	0	100	0	494	.5	98.5
Utah	1,537	106	975	0	456	7	63	0	30	456	.4	98.9
New Hampshire	557	105	0	452	0	19	0	81	0	452	.4	99.3
Florida	14,936	7,663	6,939	0	334	51	46	0	2	334	.3	99.6
Hawaii	1,401	1,132	0	0	269	81	0	0	19	269	.2	99.8
Connecticut	2,138	1,418	546	174	0	66	26	8	0	174	.2	100.0
Rhode Island	831	588	243	0	0	71	29	0	0	0	0	100.0
Massachusetts	3,015	2,607	408	0	0	86	14	0	0	0	0	100.0
Delaware	987	0	987	0	0	0	100	0	0	0	0	100.0
Nevada	2,091	0	2,091	0	0	0	100	0	0	0	0	100.0
New Jersey	2,797	2,797	0	0	0	100	0	0	0	0	0	100.0
South Carolina	5,926	0	5,926	0	0	0	100	0	0	0	0	100.0
District of Columbia	362	362	0	0	0	100	0	0	0	0	0	100.0
Alabama	9,164	3,221	5,943	0	0	35	65	0	0	0	0	100.0
Total	354,171	164,713	79,903	64,344	45,211	47	23	18	13	109,555		

Source: JTPA Annual Status Report data, as compiled by the U.S. Department of Labor, Office of Strategic Planning and Policy Development.

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3. Nonmetro dominant--50 to 99.99 percent of the SDA population living in nonmetro areas.

4. Nonmetro--100 percent of the population living in nonmetro areas.

Program activity is presented in terms of the total number of all adult terminees, the number of welfare adult terminees, and the number of youth terminees.[8] "Terminee" is a program term used to denote a person who completed training or otherwise left the SDA program without completing training. Welfare adult terminees are a subset of all adult terminees (that is, adult terminees who had been receiving welfare upon entry into the program). Youth terminees are terminees who were less than 21 years of age when they entered the program. Though they may be receiving welfare support, they are included in the youth rather than welfare adult category.

In PY87, there were 261 metro SDA's and 129 nonmetro SDA's. The remaining 220 SDA's were distributed very evenly between these two extremes. Metro SDA's accounted for slightly less than half of the all-adult and youth terminees and a little more than half of the welfare-adult terminees. Nonmetro SDA's accounted for about one-eighth of the terminees in each group.

Tables 2, 3, and 4 are arranged by State according to the sum of their terminees in nonmetro and nonmetro dominant SDA's. This ordering was chosen to highlight States with the largest programs in predominantly nonmetro areas. Seventeen States, located almost exclusively in the Southeast and industrial Midwest, accounted for two-thirds of the total terminees in these two SDA types. Ten of the 14 largest programs were in these 17 States.

Alabama and South Carolina are anomalies within this classification scheme. Each State has sizeable nonmetro populations served by single, geographically extensive SDA's with populations more than 50 percent metropolitan. Consequently, these two States show no terminees in either the nonmetro or nonmetro dominant categories despite large aggregate nonmetro population percentages.[9]

Table 5 displays simple means for basic program characteristics by SDA type across all 610 SDA's. Program cost is a measure of Federal funds expended on training for each terminee group by the SDA during the program year. Separate cost data are collected

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[8]Data on the number of terminees and on program cost measures are from the JTPA Annual Status Report (JASR) data provided by the Department of Labor.

[9]In PY88, South Carolina disaggregated its single SDA into several smaller SDA's. For the program year under study, however, there was a single SDA for the entire State.

Table 5—Program cost and participation

Item	Unit	PY86 unweighted U.S. mean n=610	PY86 unweighted mean by SDA type: Metro n=262	Metro dominant n=135	Nonmetro dominant n=84	Nonmetro n=129	PY87 unweighted U.S. mean n=610	PY87 unweighted mean by SDA type: Metro n=261	Metro dominant n=136	Nonmetro dominant n=84	Nonmetro n=129
Adult:											
Mean total program cost	Dollars	1,441,253 (1)	1,682,305 (1)	1,468,316	1,588,786	829,156	1,411,575	1,605,681	1,425,618	1,682,734	827,479
SDA type mean/U.S. mean	Ratio	1.00	1.17	1.02	1.10	.57	1.00	1.14	1.01	1.19	.59
Participants	Number	965	1,030	1,043	1,178	611	952	1,005	980	1,264	613
Terminees	Number	722	809	763	808	443	724	801	740	901	439
SDA type mean/U.S. mean	Ratio	1.00	1.12	1.06	1.12	.61	1.00	1.11	1.02	1.24	.61
Welfare:											
Mean total program cost	--	--	--	--	--	--	--	--	--	--	--
Participants	Number	291	347	294	294	171	292	342	279	325	179
Terminees	Number	205	255	203	188	117	210	258	198	218	121
SDA type mean/U.S. mean	Ratio	1.00	1.24	.99	.92	.57	1.00	1.23	0.94	1.04	.58
Youth:											
Mean total program cost	Dollars	1,028,314	1,182,717	1,093,976	1,191,589	539,685	1,052,453	1,187,563	1,100,698	1,300,833	566,493
SDA type mean/U.S. mean	Ratio	1.00	1.15	1.16	1.16	.52	1.00	1.13	1.05	1.24	.54
Participants	Number	763	837	802	952	448	762	805	798	1,029	462
Terminees	Number	575	659	584	669	332	587	645	588	766	350
SDA type mean/U.S. mean	Ratio	1.00	1.15	1.02	1.16	.58	1.00	1.10	1.00	1.30	.60

-- = Not Available.
(1) One SDA (which was a metro SDA) was dropped from the PY86 adult cost calculations because its reported value was far below all others.

Source: JTPA Annual Status Report data, as compiled by the U.S. Department of Labor, Office of Strategic Planning and Policy Development.

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only for all adults and for youth. Costs for welfare adults are not segregated from the all-adult total. The number of participants is the total number of people who were in the program during the program year, whether or not they finished training. The difference between participants and terminees in a given program year is the number of people who were in the program at the end of the program year but who had not yet completed training. For example, if a person began training on June 1, 1986, but did not complete the program until August 1, 1986, he or she would be counted as a participant in both PY85 and PY86 and as a terminee in PY86.

The data in table 5 indicate that metro dominant and nonmetro dominant mean program cost and size were comparable with metro levels in both the all-adult and youth programs. Metro programs did, however, have a considerably higher average number of welfare adult terminees. The average nonmetro program was considerably smaller on all measures than those in each of the other three SDA-type categories.

Five socioeconomic measures, displayed in table 6, are contained in the SDA-level data provided by the Department of Labor. These estimates are made by DoL for modeling purposes and are not reported directly by the SDA's.

The socioeconomic data indicate a steady decline in population density from metro SDA's across the intermediate SDA types to the nonmetro SDA's. This is the expected finding. There is also consistent variation from metro through nonmetro on the four other variables. The more nonmetro the SDA type, the lower the prevailing wage rates and the higher the rates of unemployment and families in poverty.

Relationship of Program Activity Levels to Size of Labor Force, Unemployment, and Economic Disadvantage

Table 7 provides some summary measures of PY87 program activity as it related to the size of the civilian labor force, the number of unemployed individuals, and the number of economically disadvantaged within each SDA. Data for program activity are taken from the JTPA Annual Status Report (JASR) data. Civilian labor force, unemployment, and economically disadvantaged data were also provided by DoL.

Data on the number of economically disadvantaged are from a special tabulation of 1980 Census of Population data provided to DoL by the Bureau of the Census. These counts are consistent with the definition of economically disadvantaged used in the Title II-A allocation formula. DoL has used these specific totals for several program years to allocate Title II funds to the States. The States, in turn, have used them to allocate funds among SDA's. The reason for their repeated use is that no more recent source exists of county-level data on the number of economically disadvantaged.

Table 6--Socioeconomic characteristics of service delivery areas by SDA type, PY86 and PY87

Measure	PY86 unweighted U.S. mean n=610	PY86 unweighted means by SDA type				PY87 unweighted U.S. mean n=610	PY87 unweighted means by SDA type			
		Metro n=262	Metro dominant n=135	Nonmetro dominant n=84	Nonmetro n=129		Metro n=261	Metro dominant n=136	Nonmetro dominant n=84	Nonmetro n=129
					Dollars					
Average yearly earnings per job, all sectors	17,540	19,310	17,150	15,810	15,470	18,167	20,120	17,670	16,300	15,950
Average yearly earnings per job, retail/wholesale	12,116	13,700	11,600	10,600	10,400	12,489	14,300	11,900	10,800	10,600
					Percent					
Unemployment rate	7.81	6.48	7.97	8.36	9.96	7.40	6.10	7.61	8.15	9.30
Percentage of families below the poverty level, 1980	9.59	8.00	9.50	11.40	11.80	9.59	8.00	9.50	11.40	11.80
					1,000 per square mile					
Population density	.74	1.61	.15	.06	.04	.74	1.61	.15	.06	.04

Note: Values for the percentage of families below the poverty level and for population density were one-time estimates and are the same for both program years.

Source: JTPA Annual Status Report data, as compiled by the U.S. Department of Labor, Office of Strategic Planning and Policy Development.

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Table 7—Measures of association among program activity, levels of economic disadvantage, employment and unemployment by SDA type, PY87

Item	Number of cases	Weighting	U.S. mean	PY87 mean by SDA type			
				Metro n=256	Metro dominant n=136	Nonmetro dominant n=83	Nonmetro n=124
					Dollars		
Adult program expenditure per member of the civilian labor force	n=598	Unweighted	9	6	8	10	13
		Weighted	10	8	9	12	13
Total program expenditure per member of the civilian labor force	n=598	Unweighted	15	11	15	18	21
		Weighted	17	14	16	22	22
Adult program expenditure per unemployed person	n=597	Unweighted	120	106	114	132	144
		Weighted	128	123	120	142	143
Adult program expenditure per economically disadvantage person	n=599	Unweighted	24	22	24	24	27
		Weighted	24	22	25	26	28
Total program expenditure per economically disadvantaged person	n=599	Unweighted	41	37	43	42	45
		Weighted	42	39	43	45	46
Adult program expenditure per economically disadvantaged adult	n=599	Unweighted	42	39	44	43	48
		Weighted	43	40	44	45	48
Youth program expenditure per economically disadvantaged youth	n=599	Unweighted	140	125	149	150	152
		Weighted	150	134	161	167	166

Notes: See footnotes at end of table

Continued--

Table 7—Measures of association among program activity, levels of economic disadvantage, employment, and unemployment by SDA type, PY87—Continued

Item	Number of cases	Weighting	U.S. mean	Mean by SDA type			
				Metro n=256	Metro dominant n=136	Nonmetro dominant n=83	Nonmetro n=124
				Percent			
Adult terminees as a percentage of the civilian labor force	n=598	Unweighted	.44	.31	.44	.54	.63
		Weighted	.53	.45	.50	.67	.70
All terminees as a percentage of the civilian labor force	n=598	Unweighted	.80	.57	.79	.99	1.14
		Weighted	.97	.80	.88	1.28	1.28
Adult terminees as a percentage of all unemployed	n=597	Unweighted	6.16	5.24	6.08	7.23	7.42
		Weighted	7.24	6.91	6.70	8.23	8.08
Adult terminees as a percentage of all economically disadvantaged	n=599	Unweighted	1.22	1.06	1.29	1.35	1.37
		Weighted	1.34	1.22	1.37	1.48	1.53
All terminees as a percentage of all economically disadvantaged	n=599	Unweighted	2.17	1.92	2.29	2.38	2.44
		Weighted	2.37	2.16	2.39	2.65	2.72
Adult terminees as a percentage of economically disadvantaged, ages 22 and over	n=599	Unweighted	2.18	1.91	2.32	2.37	2.43
		Weighted	2.40	2.22	2.46	2.63	2.68
All youth terminees as a percentage of economically disadvantaged, ages 16 to 21	n=599	Unweighted	7.80	6.74	8.07	8.66	9.11
		Weighted	9.00	7.96	8.96	10.40	10.90

Note: One SDA was dropped from the calculation of the two civilian labor force measures due to an extreme value. Two SDA's were excluded for the same reasons from the adult/unemployed calculation.

Source: U.S. Department of Labor, Office of Strategic Planning and Policy Development.

The civilian labor force and unemployment rate data were provided to the DoL program office by the Bureau of Labor Statistics (BLS). These data are for PY87 (July 1987-June 1988).[10]

Seven expenditure-based ratios are presented in table 7. These ratios were calculated by dividing the relevant program cost variable by the relevant labor force or disadvantaged count. The terminee-based measures in the continuation of table 7 use the same denominator as these seven cost measures but employ terminee counts in the numerator instead of expenditure levels.

In addition, I weighted the results to measure the effect of program size on the expenditure ratios. For the expenditure-based ratios, the weighted values use total SDA program costs for the relevant terminee population (all adult or youth) as the weighting variables. For the terminee-based ratios, terminee counts are used.

The patterns displayed by these ratios are strong and consistent. With few exceptions, both weighted and unweighted values show an increase in level across SDA types from metro to nonmetro. In no case was the metro SDA value higher than the value for either the nonmetro dominant or nonmetro SDA categories. The nonmetro SDA mean value was always at least 16 percent higher than the metro SDA mean. It was, indeed, approximately double on those unweighted measures that used labor force or unemployment counts in the denominator.

A comparison of the weighted and unweighted values shows that the larger programs within each category had higher than average values on almost all measures. This influence was strongest in the metro and nonmetro dominant categories. The metro SDA increase was sharpest relative to the nonmetro SDA increase on those ratios using labor force or unemployment counts in the denominator. Size had much less influence on relative metro/nonmetro values for those ratios related to the disadvantaged.

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[10]The number of SDA's in this labor force/disadvantaged database is 599, 11 SDA's fewer than the number submitting JASR reports in FY87. This discrepancy arises because the number of SDA's dropped from 610 in PY87 to 599 in PY88, and DoL used the PY88 structure in compiling the labor force/disadvantaged data. These two data structures were reconciled without great difficulty, however. On variables utilizing the labor force data, there were one or two SDA's with very extreme values. These cases were dropped in calculating national and SDA type means because they substantially affected the mean values. The number of SDA's on a particular measure in table 7 may thus be slightly less than 599.

The above results prompt the question: why are these variations so systematic? The data permit examination of some hypotheses regarding this issue.

As table 7 indicates, the largest metro to nonmetro differentials are found in the total expenditures per member of the civilian labor force. The correlations among the data elements show that variation in the unemployment rate was a strong predictor of variation in expenditures per member of the civilian labor force. This relationship is shown in table 8. The quartiles are defined in terms of expenditures per member of the civilian labor force. Among the four quartiles, the top quartile contains the 25 percent of SDA's (about 150) with the highest expenditures per civilian labor force member. The table shows how the unemployment rate drops sharply across the quartiles. This suggests that the higher the SDA's unemployment rate, the more JTPA funding it received per member of its labor force. This finding is consistent with the heavy reliance on interstate differences in unemployment rates to allocate Title II-A funds among the States.

I also performed a simple linear regression to measure this association more systematically. The results suggest that the variation in the unemployment rate explained about 71 percent of the variation in total program expenditures per labor force member.[11]

A second finding, also depicted in table 8, was that expenditures per disadvantaged person living in the SDA rose sharply with expenditure per labor force member. SDA's in the highest quartile of expenditures per labor force member had mean expenditures per disadvantaged person over twice the mean of the lowest quartile. If unit program costs were comparable from one SDA to another, an economically disadvantaged person living in a top-quartile SDA (with high expenditures per labor force member) had about twice

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[11]As noted in footnote 3, unemployment rate thresholds of 6.5 percent and 4.5 percent are used to determine State eligibility for two-thirds of available funds. A finer level of analysis centered around these thresholds was not pursued because the explanatory power of the simple unemployment rate was very high, and use of this single rate facilitated presentation of the findings. However, the threshold data clearly reinforce the interpretation presented in the main text. For each threshold, the more nonmetro the SDA category, the higher the percentage of SDA's with unemployment rates above that threshold. The percentage of SDA's with unemployment rates above 6.5 percent increases steadily from 31 percent for metro SDA's to 53 percent for metro dominant, 60 percent for nonmetro dominant, and 72 percent for nonmetro SDA's. For the 4.5-percent threshold, the corresponding percentages are 64 percent, 89 percent, 90 percent, and 93 percent. Since expenditure ratios do not appear related to the third formula criterion (that is, the number of economically disadvantaged), incorporation of this threshold information would probably explain a substantial part of the remaining variation in the spending ratios, as shown in table 8.

the chance of receiving training as one living in a bottom-quartile SDA (with low expenditures per labor force member).

Table 9 shows that, overall, total expenditures per disadvantaged person varied across SDA's by a factor of 14. Mean expenditures per disadvantaged person in the highest expenditure quartile was almost three times the mean expenditures in the lowest quartile.

When differences in unemployment rates are controlled for, there is a significant negative association between expenditures per disadvantaged person and the number of disadvantaged persons living in the SDA (table 9).[12] Since the number of disadvantaged is the third specific criterion used in the Title II-A allocation formula, it seems anomalous that its allocative effect appears to be more than offset by the influence of unemployment rates, which had a slight negative correlation with the absolute number of disadvantaged.

There was also a weak negative association between the expenditures per disadvantaged person and the percent of SDA families with incomes below the poverty line. Unlike the number of disadvantaged, however, the poverty rate had a relatively strong positive association with both the expenditures per labor force member and the unemployment rate.[13] Since the poverty rate is not a part of Title II-A's allocation formula, it is likely that higher poverty rate SDA's tended to have higher expenditures per labor force member due solely to their higher unemployment rates.

To test this interpretation more formally, I regressed expenditures per labor force member against the unemployment rate and the poverty rate. The results strongly suggest that the poverty rate provided no additional explanatory power beyond that provided by the unemployment rate.[14] In other words, the poverty rate, by itself, did not appear to directly influence patterns of program expenditure. Higher expenditures per labor force member

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[12]When expenditures per disadvantaged person were regressed against both the unemployment rate and the number of economically disadvantaged persons living within the SDA, the variable for the number of economically disadvantaged had a negative t-ratio, which was significant at the 0.001 level. In contrast, the t-ratio for the unemployment rate variable was positive and also significant at the 0.001 level.

[13]The Pearson correlation coefficients between the unemployment rate and the poverty rate and between the unemployment rate and the expenditures per member of the civilian labor force both exceeded 0.5.

[14]When the expenditures per labor force member were regressed against the unemployment rate alone, the R-square value was 0.71. It remained virtually the same when the poverty rate was included as a second independent variable.

Table 8—Unweighted mean unemployment rates and expenditure per disadvantaged person by quartiles of expenditure per member of the civilian labor force, PY87

Item	Unit	Top quartile	Second quartile	Third quartile	Bottom quartile
Expenditure per member of the civilian labor force	Dollars	28	16	11	6
Unemployment rate	Percent	10.5	7.3	5.7	4.3
Expenditure per disadvantaged person	Dollars	55	45	36	27

Source: U.S. Department of Labor, Office of Strategic Planning and Policy Development, Division of Performance Management and Evaluation.

Table 9—Unweighted mean expenditure per disadvantaged person and unweighted mean number of disadvantaged persons by quartiles of expenditure per disadvantaged person, PY87

Item	Unit	Top quartile	Second quartile	Third quartile	Bottom quartile
Expenditure per disadvantaged person	Dollars	63	44	33	23
Number of disadvantaged persons	Number	45,384	57,267	78,907	89,451

Source: U.S. Department of Labor, Office of Strategic Planning and Policy Development.

in areas with higher poverty rates probably occurred because poverty rates were positively associated with unemployment rates.

The positive interaction between poverty and unemployment rates was not strong enough, however, to produce above-average expenditures per disadvantaged person in areas of higher poverty rates. In fact, as noted, there was a weak negative correlation between the poverty rate and the expenditures per disadvantaged person. This outcome is likely attributable to the higher ratio of economically disadvantaged persons in areas with higher poverty rates relative to the number in the labor force. This higher ratio more than offset the advantage created for higher poverty areas by use of the unemployment rate in the allocation formula.

As for poverty in nonmetro areas (table 10), expenditure levels in SDA's containing "persistent poverty counties" can be compared with those which have some nonmetro population but are not persistent poverty areas. Persistent poverty counties constitute one category of the ERS Ross-Green typology of nonmetro counties and are defined as those with average per capita incomes in the bottom quintile of all U.S. counties in 1950, 1959, 1969, and 1979. These counties are located in 73 of the 343 metro dominant, nonmetro dominant, and nonmetro SDA's. These 73 SDA's had, in turn, mean poverty rates 6 percentage points higher (15.6 compared with 9.5) than the 270 metro dominant, nonmetro dominant, and nonmetro SDA's containing no persistent poverty counties. As shown in table 10, the persistent poverty SDA's conform to the general patterns found above for the poorer counties in all SDA's: mean unemployment rates were 1.1 percentage points higher, and expenditures per labor force member were 24 percent higher, but expenditures per economically disadvantaged person were 16 percent lower.

Table 10—Unemployment rates, average expenditure per disadvantaged person and per member of the civilian labor force, in and out of "persistent poverty county" SDA's, PY87

Item	SDA's containing one or more "persistent poverty counties"	Metro dominant, nonmetro dominant, and nonmetro SDA's containing no "persistent poverty county"
	Percent	
Unemployment rate	8.7	7.6
Percentage of families below the poverty line	15.6	9.5
	Dollars	
Expenditures per disadvantaged person	38	45
Expenditure per member of the civilian labor force	21	17

Source: JTPA Annual Status Report Data, as compiled by the U.S. Department of Labor, Office of Strategic Planning and Policy Development.

A companion piece to this report[15] shows that metro SDA's tend to have higher unit costs per terminee. Unit cost per terminee in a given program year is defined as total Federal expenditures under the Title II-A program divided by the number of program terminees. Higher unit costs might come from differences in participant characteristics (for example, a more or a less job-ready clientele), differences in cost levels (for instance, the need to pay higher trainer salaries and rents), differences in operating efficiency, or differences in the types of services provided. Whatever the reasons, not only is a smaller absolute amount spent per disadvantaged person in the typical metro SDA, but a dollar of expenditure does not go as far toward training the average terminee.

In summary, then, the unemployment rate appears at present to be the key factor in defining patterns of the expenditures per member of the civilian labor force and the expenditures per disadvantaged person in the Title II-A program. This pattern appears to particularly benefit the more rural SDA's because they tend to have higher than average unemployment rates and lower than average unit costs. Secondly, expenditures per disadvantaged person vary widely across SDA's and are negatively associated with the number of disadvantaged. The wide variance in expenditures per disadvantaged person means that disadvantaged persons living in different SDA's face very different odds of receiving training. Finally, expenditures per disadvantaged person are somewhat lower in higher poverty areas. This suggests that jurisdictions least able to afford training on their own receive a lower level of support per disadvantaged person.

Alternative Allocation Scenarios

The apparent negative correspondence between the expenditures per economically disadvantaged person and both the local poverty rate and the number of economically disadvantaged raises the question of how funding allocation would be changed if funds were distributed in a manner that more directly reflected these measures of economic distress. And further, in what ways would such a reallocation affect the metro/nonmetro distribution of program activity? To address these issues, two scenarios can be propounded:

Scenario 1: Program funds are allocated to SDA's based on the number of economically disadvantaged in each SDA.

Scenario 2: Program funds are allocated to SDA's based on the number of economically disadvantaged weighted by the poverty rate in each SDA.

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[15]See John M. Redman, Metro/Nonmetro Program Performance Under Title II-A, Job Training Partnership Act, AGES 9072, Econ. Res. Serv., U.S. Dept. Agr., Dec. 1990.

The criterion used in scenario 1 is the same as that currently used by the Title II-A program in the third part of the existing allocation formula, that is, the number of economically disadvantaged in the locality. The criterion used in scenario 2 will distinguish between SDA's that had, in 1980, similar numbers of economically disadvantaged but different poverty rates. If two SDA's have the same absolute number of disadvantaged, the SDA with the higher poverty rate will be favored.

Because aggregate State poverty rates had not been calculated by DoL, the computations of the results of these two scenarios were performed in a manner very different from the existing Title II-A allocation procedure. As discussed in the earlier overview section, the current funding plan employs a two-tier approach. First, each State government receives an allocation from the Federal Government; the State then allocates funds to the individual SDA's. For our two scenarios, we simply bypass the State and allocate funds directly to the SDA, based on the SDA's values for the applicable criteria. If a two-tier approach was applied to this exercise, the results might be very different. There is no a priori way to estimate the magnitude of this potential difference.

The procedure used here is conceptually similar, however, to the "bottom up" approach to funding contained in both the administration's and in Senator Simon's proposed amendments to the JTPA legislation. Under that approach, funding allocations are made to each SDA instead of to each State. The individual SDA's share of the total funding is determined by comparing its values on the allocation criteria (for instance, number of economically disadvantaged) against those for all other SDA's. A State's total funding becomes simply the sum of Title II-A funds allocated to its individual SDA's.

Table 11 shows funding by region under each scenario expressed as a percentage of PY87 Title II-A expenditure, as reported on the JASR submissions. Under the first scenario (using the absolute number of disadvantaged), New England and New York/New Jersey experience substantial increases in their allocations, while the industrial Midwest (the East North Central region) experiences a sharp decline. This result suggests that the Northeast has low unemployment levels relative to the number of economically disadvantaged, while the Midwest tends to have high unemployment relative to the number of disadvantaged.

The results using the second scenario (weighting the number of disadvantaged by the poverty rate) are substantially different. Here, the Southeast and West South Central regions join the New York/New Jersey area as major beneficiaries of the funding change. This outcome suggests three things. First, the New York/New Jersey area appears (based on 1980 data) to have both relatively large numbers of disadvantaged and relatively high poverty rates, since its funding levels increase substantially under either scenario. Second, the Southeast and West South Central regions have very high poverty rates relative to their share of economically disadvantaged. Including the poverty rate

Table 11—Funding allocation levels under alternative allocation scenarios, PY87

Region/SDA type	Existing allocation	Scenario 1 (criterion: number of disadvantaged individuals)	Scenario 2 (criterion: number of disadvantaged individuals weighted by the poverty rate)
	----Percent----	----------Percent of existing allocation----------	
Region:			
New England	100	142	107
New York/New Jersey	100	128	142
Mid-Atlantic	100	96	88
Southeast	100	107	135
East North Central	100	77	60
West South Central	100	94	121
Midwest Central	100	113	97
Mountain/West North Central	100	105	87
Southwest	100	107	91
Northwest	100	91	66
SDA type:			
Metro	100	109	99
Metro dominant	100	95	97
Nonmetro dominant	100	89	108
Nonmetro	100	87	99

Source: JTPA Annual Status Report Data, as compiled by the U.S. Department of Labor, Office of Strategic Planning and Policy Development.

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in the formula makes a very big difference for each of these regions. Third, New England benefits considerably from reliance on absolute numbers of disadvantaged but loses most of this advantage when the poverty rate is included.

At the other extreme, the Northwest joins the industrial Midwest as a big loser under the second scenario. This indicates that the industrial Midwest has not only relatively low numbers of economically disadvantaged but relatively low poverty rates as well. The Northwest shows this same pattern, though to a somewhat lesser extent than the Midwest.

Also measured was the differential metro/nonmetro effects of these two scenarios. The results are also presented in table 11. Under the first scenario (using the number of economically disadvantaged alone), metro SDA's experience a moderate increase in the total amount of program funds made available to them. This increase comes at the expense of the remaining three SDA categories. The size of the decrease in these three other categories increases as the category becomes more nonmetro. This outcome gives a broad indication of the benefit nonmetro areas receive from emphasis on the unemployment rate in the actual program formula. As these findings indicate, the effect of the unemployment rate more than offsets the effect of including the absolute number of disadvantaged as the third leg of the Title II-A funding formula.

Under the second scenario (the number of disadvantaged weighted by the poverty rate), little change from the existing allocation occurs, except that nonmetro dominant SDA's receive an increased share of funding. Here, the poverty rate appears largely to substitute for the unemployment rate in directing funding to nonmetro areas well in excess of what is received using only the absolute number of disadvantaged.

Nonmetro areas might be better served over the long term by a formula emphasizing the poverty rate rather than the unemployment rate. In recent years, the metro/nonmetro difference in unemployment rates has been steadily declining and for the year 1989 stood at just 0.5 percentage point. This reduction has not produced a similar narrowing of poverty rates, however. In fact, the metro/nonmetro poverty rate differential, defined in terms of the percentage of individuals living below the poverty line, increased from 3.5 percentage points to 4.4 percentage points between 1980 and 1987. Use of the poverty rate, then, may offer nonmetro areas comparable but more stable funding advantages relative to those offered in recent years by the unemployment rate.

Conclusions

The JTPA program is the main Federal effort to enhance the employability of the economically disadvantaged. It is of central importance to the many areas with no other ongoing source of

employment and training funding and whose local revenue bases are too small to support sustained independent efforts.

For those who work in the field of rural development, the foregoing review suggests that, because of its reliance on unemployment rates, the current Title II-A allocation formula has, up to this point, produced higher expenditures per disadvantaged person in the more rural SDA's. This has been a direct result of the unusually high unemployment rates experienced by nonmetro areas in recent years.

This finding is not necessarily inconsistent with past studies[16] which argued that use of standard unemployment rates for allocating Federal funding discriminates against nonmetro areas. Such discrimination arises, it is contended, because standard unemployment rates fail to capture various dimensions of true labor distress more prevalent in nonmetro areas (such as involuntary part-time employment, higher levels of discouraged workers, or low and irregular income among farm proprietors).[17] Echoing this theme, a recent Joint Economic Committee report on employment and training programs stated:

> Allocation of Federal program funds reveals an urban bias. Despite the fact that nonmetro unemployment and underemployment rates exceed metro measures by a third to a half, nonmetro areas receive only about 13 percent of employment and training funds. Federal procurement programs also show a pronounced urban leaning. Another illustration of implicit Federal discrimination is the funding formula for the Job Training Partnership Act of 1982. Two-thirds of the funding was allocated according to unemployment figures of little relevance to the rural employment picture. Because of under-reporting of unemployment and the way the formula was designed, rural areas were denied over $100

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[16]For a discussion of this issue, see Sigurd R. Nilsen, Assessment of Employment and Unemployment Statistics for Nonmetropolitan Areas, RDRR-18, Econ. Res. Serv., U.S. Dept. Agr., Dec. 1979. For a recent discussion of the use of and alternatives to standard unemployment rates see Richard J. Reeder, "Targeted State Aid to Distressed Rural Communities," Publius, 19 (2), spring 1989, pp. 143-160.

[17]The standard unemployment rate calculated and published by the Bureau of Labor Statistics (BLS) is total unemployed as a percentage of the labor force, including the resident Armed Forces (U-5a). Alternative rates are also made available by BLS but are not available at the county level. These alternatives include components which reflect additional dimensions of labor distress (such as the number of discouraged workers or those employed part-time for economic reasons). The standard unemployment rate is thus only one of several measures which BLS itself has developed and one of the many others (for example, per capita income or the percentage change in unemployment) which might also be used in formula allocations.

million in funding from 1983 through 1985, according to a preliminary analysis by the General Accounting Office.[18]

From this perspective, the higher Title II-A expenditure levels in nonmetro areas are still well below levels justified if congressional intent was to use the unemployment rate as a proxy for overall labor distress. Within the context of the Title II-A program, however, use of the simple unemployment rate held some advantage for nonmetro areas compared with alternative criteria which might have been applied, such as the number of economically disadvantaged or the number of unemployed.

Practitioners should be aware, however, that the Title II-A allocation formula is one focus of an ongoing congressional review of the JTPA legislation. This review has important ramifications for the future of rural employment and training activity. Although it is still unclear if or how the formula might be specifically modified, two major proposals have already been presented, one from the Bush administration and one from Senator Simon of Illinois.

These proposals reflect considerable "second guessing" regarding the use of unemployment rates as the dominant allocation criterion.[19] A major concern has been the lack of correspondence between the incidence of unemployment and of economic disadvantage--a lack of correspondence evident in the data presented above. As a consequence, both proposals would greatly reduce the role of unemployment in setting allocations. Instead, both would emphasize the number and concentration of economically disadvantaged within the SDA.

As discussed above, increased emphasis in the allocation formula on the number of economically disadvantaged would tend to work in favor of metro areas whereas emphasis on a poverty rate-based measure could work to both the short- and longer-term advantage of the more nonmetro areas. The net effect of the formula change on metro/nonmetro allocation will thus likely depend on the balance struck between the number and the concentration of economically disadvantaged.

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[18]Dale Jahr, "The Rural Political Economy: Change and Challenge," U.S. Congress, Joint Economic Committee, Sept. 1988.

[19]See, for example, Abt Associates Inc., "An Assessment of Funding Allocation Under the Job Training Partnership Act," Contract No. J-9-M-5-0051, U.S. Dept. of Labor, Aug. 1986.

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