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ABSTRACT

This report contains testimony regarding various proposals to reform and consolidate federal job training programs, with special attention to the provision, benefits, problems, and funding needs of the Job Corps program. Statements by the following individuals are presented: U.S. Senators from the states of Illinois, Vermont, Utah, Kansas, Iowa, and Rhode Island; the Secretary of Labor, Inspector General of the U.S. Department of Labor, and the department's Assistant Inspector General for Audit; representatives of Job Corps centers in three cities (Lopez and Pittsburgh, Pennsylvania, and Clearfield, Utah); the director of Partners in Vocational Opportunities Training in Portland, Oregon; and professors from Swarthmore College and Northwestern University. Appendixes constituting approximately 50% of this report include prepared statements submitted by 10 of the witnesses, a letter from the National Job Corps Alumni Association, a letter from the National Association of Civilian Conservation Corps (CCC) Alumni; and a resolution recommending that the U.S. Congress fund the Job Corps program. (MN)

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THE JOB CORPS PROGRAM

HEARING OF THE COMMITTEE ON LABOR AND HUMAN RESOURCES UNITED STATES SENATE ONE HUNDRED THIRD CONGRESS SECOND SESSION

ON
EXAMINING PROPOSALS TO REFORM AND CONSOLIDATE FEDERAL JOB
TRAINING PROGRAMS

OCTOBER 4, 1994

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(II)

C O N T E N T S

STATEMENTS

TUESDAY, OCTOBER 4, 1994

	Page
Simon, Hon. Paul, a U.S. Senator from the State of Illinois	1
Jeffords, Hon. James M., a U.S. Senator from the State of Vermont	3
Hatch, Hon. Orrin G., a U.S. Senator from the State of Utah	4
Reich, Robert, Secretary, Department of Labor; Miguel Garza, Red Rock Job Corps Center, Lopez, PA; Tamika Butler, Pittsburgh, Job Corps Center, Pittsburgh, PA; and Anna Street, director, Partners in Vocational Opportunity Training, Portland, OR	5
Kassebaum, Hon. Nancy Landon, a U.S. Senator from the State of Kansas	12
Harkin, Hon. Tom, a U.S. Senator from the State of Iowa	13
Pell, Hon. Claiborne, a U.S. Senator from the State of Rhode Island	14
Masten, Charles C., Inspector General, Department of Labor, accompanied by Joseph Fisch, Assistant Inspector General for Audit	29
Crosby, John, director, Job Corps Center, Clearfield, UT; Rob Hollister, professor, Swarthmore College, Swarthmore, PA; and John J. Donohue, III, professor, Northwestern University, Chicago, IL	37

APPENDIX

Statements, articles, publications, letters, etc.:	
Robert B. Reich	48
Anna Street	53
Letter to Senator Kennedy, from Senator Packwood, dated, October 4, 1994	54
Tamika Butler	55
John O. Crosby	56
Charles C. Masten	57
Miguel Garza	64
John J. Donohue, III	66
J. Lamar Beasley	69
Lloyd L. Mielke	72
Letter to Senator Brown, from La. Donna Tramble, National Job Corps Alumni Association, dated, October 12, 1994	73
Letter to the National Association of CCC Alumni, from Derek Carr	74
Resolution memorializing U.S. Congress to fund S. 598, from William M. Beavers	75

(III)

THE JOB CORPS PROGRAM

TUESDAY, OCTOBER 4, 1964

U.S. SENATE,
COMMITTEE ON LABOR & HUMAN RESOURCES,
Washington, DC.

The committee met, pursuant to notice, at 10:35 a.m., in room SD-430, Dirksen Senate Office Building, Senator Simon presiding. Present: Senators Simon, Pell, Harkin, Kassebaum, and Jeffords.

OPENING STATEMENT OF SENATOR SIMON

Senator SIMON. Our hearing will come to order and I apologize to the Secretary of Labor and to all of our witnesses. We have had some votes over on the Senate floor.

This hearing is an opportunity to note the 30th anniversary of the Job Corps and the 1.6 million young people it has served. Among others here in our room today are 45 young people who I particularly want to welcome. They are members of the nine teams who will compete in the Fifth Annual National Job Corps Academic Olympics tomorrow and Thursday. I just want to say to all of these young people, we are very, very proud of you.

The average Job Corps student is 18 years old, reads at a seventh grade level, has had a disruptive home life, has never held a full-time job, and comes from a family with a family income of under \$7,000.

We talk about anti-crime programs. We are not going to solve crime just by building more and more prisons. We are going to solve crime by doing positive things and giving people hope. I have said this over and over. The great division in our society is not between black and white or Hispanic and Anglo, it is between people who have hope and people who have given up.

The Jobs Corps gives people the spark of hope. I have had a chance to visit two Job Corps centers. It has been great. The Inspector General's report today is going to suggest that we can have improvements and unquestionably there can be improvements, that is true in any program. But in pure dollars and cents, the evidence is it pays off, about \$1.50 in the short time for every \$1.00 we invest. But more than that, it pays off in human terms, in terms of people whose lives can be turned around and who, instead of taking \$25,000 a year sitting in prison somewhere are productive members of society, contributing and making ours a better society.

So I am very pleased to be here. I am an enthusiastic supporter of the Jobs Corps and look forward to the testimony we have today. Senator Jeffords?

[The prepared statement of Senator Simon follows:]

(1)

PREPARED STATEMENT OF SENATOR SIMON

Mr. President, I would like to recognize the Job Corps program and take this opportunity to celebrate its 30th anniversary and the 1.6 million young people it has served. I met yesterday with 45 members of the nine teams who competed earlier this week in the Fifth Annual National Job Corps Academic Olympics. These young people are an inspiration to all of us—and proof that Job Corps works.

Job Corps stands out as one of our country's most successful job training programs. It serves approximately 65,000 students each year in 111 centers throughout the U.S. Job Corps has a successful placement rate of 65 percent.

I am pleased that last year Job Corps announced its expansion to nine new centers, serving an additional 3,600 youth who are most at-risk. In Illinois, for every student enrolled in Job Corps there are 65 young people who are eligible and in need but who go unserved.

The average Job Corps student is 18 years old, reads at a seventh grade level, has a disruptive home life, has never held a full-time job, and comes from a family with an income of under \$7,000. More than 80 percent are high school dropouts. These young people are at-risk. Too many of our disadvantaged young people are thrust into an unhealthy cycle of dead end jobs, unemployment and dependency on public assistance. Even worse, many turn to lives of crime.

I have often said that the true division in our society is not between black and white, or Anglo and Hispanic, or even between rich and poor. The true division in our society is between those who have hope and those who have given up. We have too many people who have given up. Job Corps gives people hope, and an opportunity to succeed.

According to an a study by Mathematica Policy Research, for every dollar invested in Job Corps, \$1.46 is returned to the economy through reductions in income maintenance payments, the costs of crime and incarceration, and through increased taxes paid by Job Corps graduates. In addition to improving their future earnings, Job Corps participants are less dependent on welfare and unemployment insurance.

Job Corps helps young people become productive, economically self-sufficient members of society. Few employment and training programs target high school dropouts with low reading levels, and fewer still have had their effectiveness documented in as rigorous an independent evaluation as has Job Corps.

The Department of Labor's Inspector General has raised some concerns about the Job Corps. No program is perfect and Job Corps is no exception. But it is significant that while the Inspector General has raised concerns, his testimony at a hearing on Tuesday emphasizes the importance of the program:

The OIG has always believed that the Job Corps Program plays a pivotal role in the Nation's plan to enhance the economic earning power of America's youth. In its 30-year history, the program has enjoyed a great deal of success. However, as is always the case for

programs of this size and magnitude, there is room for improvement.

Secretary of Labor Robert Reich described Job Corps as, one of the jewels in the crown of our workforce investment system. If the Job Corps did not exist, we would have to invent it, and that mission of invention would be among the Administration's highest priorities. But fortunately, the Job Corps already exists, and boasts a resounding record of success. So our mission is to preserve it, expand it, and further improve it.

We also heard the inspiring stories of three Job Corps participants: Miguel Garza, Tamika Butler, and Anna Street.

OPENING STATEMENT OF SENATOR JEFFORDS

Senator JEFFORDS. Mr. Chairman, thank you very much and I just want to follow on, along with your words. First of all, I would like to give a special welcome to the members of the Northern Job Corps from the State of Vermont who are down here participating in the event to which you referred to. Welcome and I am just real proud of what you have done and what you will help this Nation do.

I just want to echo the comments of the Senator from Illinois, with whom I have little difference in this regard, and that is that this demonstrates—the Job Corps demonstrates—what can be accomplished and what can be done if we dedicate the resources that are necessary to young people to give them the kind of hope that Senator Simon referred to, if you look at the payoff of it.

When you take a look at our national problems, whether it be crime or whether it be welfare reform or whether it be the economic future of this Nation with having the skilled work force necessary to bring us into the future, the basic solution is education and better education and resources for better education.

Job Corps is showing a way as a model, and we need to ensure that we replicate not only the program itself perhaps, but the ideals that have led to the success.

So I look forward to the hearing today, Mr. Chairman, and thank you for your strength and guidance in this area. I look forward to hearing from Secretary Reich, who I have just the greatest respect for in these areas. Let the hearing go on, and may my entire statement be made a part of the record, please.

Senator SIMON. Your statement will be made part of the record. [The prepared statement of Senator Jeffords follows:]

PREPARED STATEMENT OF SENATOR JEFFORDS

During the course of the 103rd Congress this Committee, the Department of Labor and many other interested parties have spent a great deal of time and energy on examining the problems with our national job training system. We have made some legislative inroads and I suspect that everyone involved has learned a great deal about the system that they did not know before. However, there is broad bipartisan consensus that our job is not yet completed and that there is much more to be done. I suspect that this will form a significant part of the work of this Committee in the 104th Session of Congress.

The Chairman and Ranking Member of the Committee have ear marked this issue for such critical focus. I want to commend them for doing so, and to join them in their efforts to put right a system which is so critical a piece in the puzzle that is the future success of our nation.

Today's hearing focus is the Job Corps, long a center piece of our job training efforts. The program is 30 years old in 1994 and many of its critics suggest that it is in need of a check up, a tune up, revision and repair. All of these contentions merit consideration, but I, for one, want to believe that the program still offers a sizable bang for the federal buck that it expends and that it should be continued.

Today's hearing is neither end nor beginning, but rather a necessary step along the way. I believe the political will exists to take this issue on and to carry it to its proper conclusion. Again, I commend the Chairman and Ranking Member for their leadership on the issue, as well as their agreement to work jointly and in bipartisanship to resolve the problems which plague the job training system. To each of you I say, you have my support in this effort.

Thank you.

Senator SIMON. I would also like to make part of the record a statement from Senator Hatch, who also wanted to welcome Mr. Crosby, another witness that we will have today, from the State of Utah.

[The prepared statement of Senator Hatch follows:]

PREPARED STATEMENT OF SENATOR HATCH

Mr. Chairman, I want to thank you for convening this hearing today to review the Job Corps program.

As you know, the Job Corps is now celebrating its 30th anniversary. It is one of the few programs that came out of the Great Society era that I actually agree with and believe has done a lot of good.

I am proud that Utah has two Job Corps Centers—Clearfield and Weber Basin—which have consistently posted records of outstanding achievement. I have visited the Clearfield Center and have been impressed with the facility and the staff as well as with the highly motivated young people who are students there. These are young people who truly want to turn their lives around.

I believe, Mr. Chairman, that there is a place in an integrated job training system for a residential program. While I agree that Job Corps is an expensive program to operate, there are some young people who simply must get away from the poor and unhealthy environments that have contributed to their unemployability, substance abuse, juvenile delinquency, or other difficulties.

This type of intensive residential remediation and training is not for everyone, however; and perhaps we need to make more effective determinations about those young people who can succeed in Job Corps and those who are likely to drop out.

I agree with the distinguished ranking member that the taxpayers do not have money to waste on the ineffective placement of youth in Job Corps as opposed to a job training program that may be better suited to them.

As much as I support the Job Corps, I do not believe that it is perfect. I held an oversight hearing on the Job Corps during my tenure as chairman of the Labor Committee. During that hearing, we exposed several Job Corps Centers that had been allowed to deteriorate.

I believe oversight is essential to ensure program integrity and effectiveness. In my opinion, Congress does too little of it. Almost any federal program can be improved, and I support the oversight of job training programs initiated by Senator Kassebaum. This particular hearing, as well as one to follow, will identify specific areas for improvement in the Job Corps, which, if we act on them, will help Job Corps meet our expectations for performance as well as its own goals for assisting young people in our country.

If the committee will permit me one additional minute, I would like to introduce to the committee the Director of the Job Corps Center at Clearfield, Utah—Mr. John Crosby.

Mr. Crosby has extensive experience in the job training area. He holds a degree in secondary education from the University of Miami and has done graduate work in vocational education at Tulsa University and Oklahoma State.

John Crosby became Deputy Director at the Clearfield Center in 1990 and was named Director in September 1991. The Clearfield Center is operated under contract to the Department of Labor by the Management Training Corporation, which is based in Ogden, Utah.

I am pleased to welcome John Crosby to the committee this morning, and I urge the committee to give careful consideration to his remarks.

Senator SIMON. Mr. Secretary, Senator Jeffords started off by noting his great respect for you, and I think that is universal. It has come from both sides of the aisle.

Let me just add one other point that I really appreciate. You and Secretary Riley, our Secretary of Education, have worked together well. It stands in great contrast to some of the experiences we have seen where the Secretary of Labor and the Secretary of Education had jurisdictional problems, you are stepping on my turf kind of problems. You have been a big picture man, and so has Dick Riley, and we appreciate that.

Secretary Reich, we look forward to hearing from you and the distinguished panel that is with you here.

STATEMENTS OF THE HONORABLE ROBERT REICH, SECRETARY, DEPARTMENT OF LABOR; MIGUEL GARZA, REP. ROCK JOB CORPS CENTER, LOPEZ, PA; TAMIKA BUTLER, PITTSBURGH JOB CORPS CENTER, PITTSBURGH, PA; AND ANNA STREET, DIRECTOR, PARTNERS IN VOCATIONAL OPPORTUNITY TRAINING, PORTLAND, OR

Secretary REICH. Thank you very much, Mr. Chairman.

I will submit my formal written comments for the record if I may, because I want to preserve enough time for questions and answers.

Senator SIMON. They will be entered in the record.

Secretary REICH. I am delighted to be here today. I wanted to, first of all, compliment this committee and subcommittee for the

work that it has done over the years, not only with Jobs Corps, but with the issues of education and training.

You mentioned Secretary Riley and I, the Education Department and Labor Department. We are at a point in American society, given the structural changes in the American economy, where we can no longer separate education from work. That is why the Labor Department and the Education Department must work so closely together. Job Corps is a very good example. It is a program that is 30 years old. It is a program with a proven track record that needs, as all programs do, continuous attention to improving—and we are improving, and I will get to that in a moment—but we are talking about giving the people a possibility in this country for being full and productive citizens.

In Jobs Corps, we are giving the potential for some of our most disadvantaged people, people who otherwise would not have any possibility to have full and productive lives. This is an interest not only of the Education and the Labor Departments, it cuts right to the core of what this administration is all about and very much to what all of you and this committee have tried to do for years.

So I am delighted to be here on the 30th anniversary, by the way. Job Corps is a program that was started 30 years ago and it is a testament to the energies and the vision of many, many people over the years.

Let me just say a few words in introduction, and Senator Kassebaum, these words are directed in your direction as well as the other members of the committee. Let me just say that since I have been Labor Secretary, I have had several goals with regard to the education and training programs of this country, and I believe that they are the same goals as the members of this committee and this panel.

That is, number one, to streamline and consolidate and make sure that we are getting every bit of benefit as a society we possibly can from every dollar the taxpayers are spending. That is why we sent up, earlier this year, the Re-employment Act, which would consolidate all of the dislocated worker programs and also provide one-stop shopping, that is an opportunity for anybody who needs help getting the next job, whoever, regardless of why they lost the job, regardless of their condition, to go to one place and get the full panoply of services, both Federal and State and local services, unemployment services and so forth. That is, accessibility, universal accessibility.

Now I understand this was a very, very hard couple of years for this committee. There were a lot of other issues on the agenda, but I do appreciate how much work this committee, this panel, all of you put in to moving toward the objectives of consolidation and streamlining. Senator Kassebaum, I appreciate how much work and time you have put in and I look forward to working with you on this next year, and all of you next year, as well.

The second objective is quality, performance, making sure that not only are these programs streamlined, but that we have measurable results, results that show that there is continuous progress, that people are in fact getting the jobs that will give them a full and productive life.

Now I do not have any intent to defend programs that do not work. In fact, just a few days ago, before the House Ways and Means Committee, I told them that I can not in good conscience argue for an extension next year of the Targeted Jobs Tax Credit, based upon the information we have. It will have to be either terminated or substantially changed. The Inspector General at the Labor Department showed us that for most employers the targeted jobs tax credit is a windfall. They would have hired those young people anyway. I will continue to speak out as I have against programs that do not work.

With regard to programs that do work, I am going to be just as vigorous and we are going to improve upon even the programs that do work. Jobs Corps comes into the category of programs that do work. We will continue to aggressively improve upon it, as we get more and more information. There have been a number of reports from the Inspector General over the years, beginning in the late 1980s, and there have been improvements in response to those reports. We have made substantial improvements.

I want to assure all of you that even in a program like Jobs Corps that works fundamentally, there is still room for improvement and I am determined to continue to make improvements in programs that work. If it does not work, if the program does not work, we are not coming back for more money or expansion. In fact, we are cutting it and I will recommend cutting it.

Job Corps succeeds at a difficult and a very urgent task. Let us keep the task in mind. We are talking about the severely disadvantaged in our population. We are not talking about simply lower middle class young people. We are not talking about people who may have difficulty. We are talking about the hard core most severely disadvantaged in our society. And the condition of the severely disadvantaged has deteriorated substantially.

Let us be clear about the context here. The real hourly pay of male high school graduates, that is young men who only graduate from high school, is now 20 percent below what it was 20 years ago. That is, adjusted for inflation, if you finish high school today, your average pay is 20 percent below what your counterparts who had just graduated from high school was 20 years ago. You have been on a downward escalator. If you have not even graduated from high school, if you are a high school dropout, the escalator downward is more precipitous and it has been that way for 20 years. We are dealing with a severe profound social problem.

It is a problem to which there are no easy fixes. Part of it has to do with jobs and job training. I am of the view that there is no better antidote to crime and welfare dependency and many of our old social ills than a job. That is not the entire solution, but I think that is a big, big part of the solution. Any program that helps these hard core disadvantaged young people who are likely otherwise to drop out of school to get involved in crime, to get involved in welfare dependency, that gets them into jobs and into full and productive lives, I say is a good investment for America.

Roughly half of out of school American youth, ages 16 to 24, who do not have high school degrees, do not now have jobs. You know, we look upon the unemployment rate of 6 percent and say yes, average unemployment is about 6 or 6.1 percent. But averages are

very deceiving. The professional basketball player, Shaquille O'Neal and I have an average height of six feet. [Laughter.]

Talk about averages misses the most interesting details. The most interesting detail here is that if you are a high school dropout, if you are in the central city, the chance that you are unemployed now ranges from 50 often to 70 percent. There are no jobs around. You have one of the most difficult times of anybody in American history of getting a job and keeping a job.

The portion of young black high school dropouts who are currently unemployed exceeds 70 percent. The proportion of Hispanic youth in this situation is about 50 percent. Many of these young people are at risk of being permanently lost to the legitimate economy, permanently lost to the legitimate economy. If we address these underlying problems, low educational achievement, lack of job skills, social isolation, the lack of the ability to move into a job, when a youth is just 17 years old, we have a good chance of getting that person into the position where that person can be a full and productive individual for the rest of their lives. If we do not take the opportunity when they are at this age, we miss the critical—the critical time to make a difference in their lives.

And this is precisely what Job Corps does. At any given time, Job Corps serves over 40,000 young women and men ages 16 to 24, all of whom are severely economically disadvantaged, 70 percent are minorities, 80 percent are high school dropouts. 80 percent high school dropouts. Over 40 percent come from families on public assistance. Only 30 percent have ever been employed full-time. Many live in neighborhoods plagued by high rates of unemployment, by crime, by violence, by welfare, by illiteracy, by substance abuse. We are dealing with the most disadvantaged young people in our society.

It has been the policy of Job Corps to enroll these young people, not to enroll young people who show signs of success, not to skim the cream, but deliberately to take the hard cases. For instance, the program has initiated pilot projects for substance abusers, for those involved in the criminal justice system, for the homeless, for the mentally retarded.

Again, I want to underscore this point, because it is so vitally important in evaluating this program. This program goes and seeks the hardest cases in our society. Now even though it takes on the toughest cases, this program has had a remarkable rate of success. About seven of every 10 young people who leave Job Corps find jobs or go on to full-time schooling. 70 percent find jobs or go on to full-time schooling. That is remarkable, given this population. That is remarkable, given every other social intervention we try to make with this population.

According to an independent evaluation of Job Corps completed in 1982, the program provided to taxpayers—now we are talking about to the average American taxpayer—a return of \$1.46 for every dollar invested. This study, conducted by Mathematica Policy Research, a very highly respected independent research firm, using rigorous research methodology documented that students who had participated in Job Corps earned more income, paid more taxes, were less dependent on welfare and food stamps, achieved higher

education levels and were less involved in crime than were youth from similar backgrounds who did not participate in Jobs Corps.

Now in order to provide us with more current information, the Department of Labor is now launching a new multiyear evaluation of Jobs Corps this year. There is no way to predict precise findings of the new evaluation, obviously, but we do know this, that in terms of student accomplishments and outcomes, annual results have been consistent or better since the early 1980s.

So that Mathematica Policy Research, the independent consulting firm doing a test on outcomes in 1982, saw that society was gaining so much in terms of reduced welfare dependency and reduced crime and productive citizens relative to a random sampling of people who are not in Jobs Corps in 1982, and the results that we have from Jobs Corps have been consistent or better since 1982, it is likely that this new study, this new methodology will show even greater public returns to that investment.

The President's investment strategy, announced last year, included a slow but steady expansion of Jobs Corps by 50 centers and a 50 percent enrollment increase. Eight new centers were initiated in 1994, the first installment in that expansion. Almost 70 American communities submitted proposals, each one vying to be a site for one of the very few eight centers that we could provide. I wish that we could provide more. I wish, given the track record of this program, there was more money to invest in our hard core, most severely disadvantaged young people.

The President's Fiscal Year 1995 budget request continued the expansion by requesting funding for six additional centers, and Congress has just responded by appropriating funds for four additional centers. Again, I completely understand, given the constraints on the domestic discretionary budget. We would like to do more, but we have got to do as much as we possibly can.

Currently, as you know, Jobs Corps is a network of 111 centers, at least one in all but four states nationwide. 30 of these centers are operated by the Departments of the Interior and Agriculture. The other 81, with a few exceptions, are operated by contractors selected on the basis of competitive procurements.

I want to assure this panel that good contractor performance on key performance indicators is a condition for continuation of being selected as a contractor. For instance, in the last 2 years, 20 contracts have been terminated prior to the end of their maximum 5 year duration because the contractors did not come up to snuff in terms of the performance requirements. Most of these termination decisions were made on the basis of unfavorable performance assessments.

The audits of the Jobs Corps by the Labor Department's Inspector General have been extremely useful in pointing out opportunities for improving program design and improving management. I have been aware of those audits, beginning in 1990. Jobs Corps, under the previous administration, on the basis of those 1990 and 1991 audits, had made a number of improvements. On the basis of additional audits, we have made improvements over the last 20 months, and we will continue to make improvements.

The Inspector General is a valuable asset for the Department of Labor, as inspectors general are in every department. Jobs Corps

has worked closely with the Inspector General's staff over the past 8 years and has requested specific audit assistance. Many of the audit findings have been extremely useful and the Jobs Corps has taken action, including termination of specific center contracts when the Inspector General has found specific centers not complying, several revisions of performance standards, revision of eligibility documentation requirements, introduction of a comprehensive new student accountability system, introduction of vocational competency testing and, consolidation of student allowance payment and data systems to more closely relate student pay to achievements.

Again, I want to compliment the Office of the Inspector General for its help to us in ensuring that this program continues to get better and better and better. No program is perfect. Given the hard core disadvantaged population this program is serving, we are going to understandably have a way to go at any given point in improving the program, but that 1982 study overall of the effects of Jobs Corps relative to a random sample of people that did not go through Jobs Corps is the touchstone in terms of my confidence that overall this program is paying for itself, if not doing much more.

In fact, I want to draw a distinction for you between an audit which is essentially looking at certain performance criteria and asking whether the performance criteria are being achieved, a very important function, and an impact analysis which looks through a scientific methodology of what would have happened to young people had they not gone through a specific program.

An audit is very valuable information because an audit tells us whether the performance criteria that we established are being achieved. It helps us continuously improve a program. If an audit shows that we are not achieving the performance criteria that we have established, then we make improvements, and the previous administration made improvements and we have continued to make improvements.

But let us not confuse that kind of audit with the kind of policy research that takes the kids who have gone through Jobs Corps and compares them to a random sample of kids who have not gone through Jobs Corps and looks at crime and deviancy and welfare dependency and jobs, and asks what is the difference between those two populations.

It is clear, from previous studies, that there is a profound difference between those two populations. Jobs Corps helps reduce crime. It helps reduce welfare dependency. It helps kids get jobs and stay in jobs and good jobs.

On net, the question in other words is the total positive impacts of these programs. That is the ultimate metric by which we have to judge any program. Audits look at the details. Audits look at the relationship between performance standards and achievement of performance standards. Important, but not the same thing as the kind of fundamental study I am talking about. And again, we are doing a re-do of that impact study, to make sure that we are still on track.

Let me give you an example. The Inspector General notes that the Jobs Corps has a high rate of placements in jobs that are different from the type of training received in the Jobs Corps program. That is the case, that many kids who go through Jobs Corps who are trained to do one thing end up in jobs doing something different. But the Job Corps is an educational program as well as a training program. So this criterion, that is getting trained for exactly the same job that you are going to get, is not the be all and end all.

I was trained to be a lawyer. I have never practiced law. I have become a teacher. And I also am now Secretary of Labor. That does not mean that my training at law was for naught. It taught me a lot of things. I would probably go to that law school again. Some people are trained as teachers and they end up as senators. That does not mean that the training is irrelevant. It simply means that training provides you a background, a context for what you learn later on. Again, the ultimate behavior is the question to be addressed.

Let me give you a second example. The Inspector General audits do not take into account any benefits of the program other than educational attainment and placement. While we believe certainly that the program is effective in these two areas, it also provides very important benefits to its students with respect to skills attainment, work force readiness, medical and health services, AIDS counseling, avoidance of crime, and those other qualities that have to do with becoming a full and positive and productive citizen.

A third example. The Inspector General audit notes that the Jobs Corps dropout rate, which is 30 percent in the first 90 days of the program, is fairly high. 30 percent in the first 90 days of the program. Absolutely right. We do not consider this, however, an unreasonable rate or out of line with typical dropout rates for high school students, postsecondary institutions, particularly—and again, I want to emphasize—given the hard core poverty disadvantaged population we are dealing with.

Moreover, it must be taken into account that Jobs Corps serves severely disadvantaged young people who are often away from their homes and communities for the first time, and are placed in a demanding and highly structured environment. That is why Jobs Corps succeeds, because it is a demanding and highly structured environment. If you cannot hack it in the first 90 days, well you cannot continue. And that requirement, that discipline, is one of the ways Jobs Corps is successful.

To assess whether the Jobs Corps is a wise expenditure of public funds, it is not enough simply to point out that many Jobs Corps students drop out. Obviously, we have got to go further and examine the bottom line impact, which is the major theme that I am presenting to you today. We have got to look at total effects of Jobs Corps relative to a random sample of people who are not in Jobs Corps. And the Inspector General audits do not do this and they do not intend to do this.

In summary, based on the evaluations that have been done to date and on the fact that, on average, performance measures have

been stable or improving since that time, since the past total comprehensive evaluation, it is my belief that Jobs Corps' overall impact continues to be quite positive for society. That is not to say there is not room for improvement. There is room for improvement and we are steadily and aggressively improving it. In fact, I have some new data with me, based on the first quarter of 1994, which shows great improvement over 1993.

But let me end by simply saying this, Jobs Corps has got to be compared to a world in which Jobs Corps does not exist. Jobs Corps expenditures are relatively high, but they are infinitely small compared to what we might find were there no Jobs Corps. The average male high school dropout in American society costs society over \$21,000 in lifetime prison costs alone, plus thousands of dollars more due to the costs of crimes committed by dropouts.

The costs of welfare, AFDC and other welfare programs are considerable. In 1992 alone, high school dropouts received over \$18.5 billion in government welfare payments and housing assistance. High school dropouts made up more than 40 percent of the recipients of these programs. The typical high school dropout earns \$200,000 less over the course of a lifetime than an average high school graduate. And this earnings differential represents a considerable wasted productivity potential in our society.

One more point, according to the General Accounting Office, State, Federal and local Government spends an average of almost \$25,000 in public funds on each college graduate, as compared to an average of only \$5,500 on each high school dropout. We are, as a society, investing tremendous amounts of money so that they can go on to college, young people who do go on to college and have good jobs and good lives thereafter. And that is fine, that is appropriate.

But we are not investing what we should in the kids who are dropping out. And as a result, we are reaping a whirlwind of costs, in terms of crime, welfare dependency and unproductivity. Job Corps helps, to a very small degree, reverse this unseemly divergence.

The proof is in the pudding. The proof is not in the statistics, it is in the people. I would like, with your permission Mr. Chairman, to introduce to you three people who are the products of Jobs Corps.

Senator SIMON. Before you do that, we have had three members of the committee join us here who may wish to make an opening statement.

[The prepared statement of Secretary Reich may be found in the appendix:]

Senator SIMON. I am going to take them in line of coming here. Senator Kassebaum?

OPENING STATEMENT OF SENATOR KASSEBAUM

Senator KASSEBAUM. Thank you, Mr. Chairman. Because we were late getting here due to the votes, I ask that my opening statement be inserted for the record.

Senator SIMON. Thank you.

[The prepared statement of Senator Kassebaum follows:]

PREPARED STATEMENT OF SENATOR KASSEBAUM

I want to thank Chairman Kennedy for calling this hearing today on Job Corps. Its purpose is to conduct a review and examination of Job Corps in light of recent criticisms of the program by the Department of Labor's Inspector General.

Job Corps is the most highly regarded, and single, most expensive employment training program funded by the Federal Government. Its budget is \$1.1 billion for the new fiscal year, which translates to more than \$23,000 per annual placement slot. That is the equivalent of 4 years' tuition at the University of Kansas.

When you consider the program's cost, its reputation, and the problem areas highlighted by the Inspector General, I believe this examination is long overdue. The last oversight hearing on Job Corps was held by this committee more than 10 years ago.

The Inspector General has identified various aspects of Job Corps that raise serious questions about its goals, its performance measurement, the quality of its outcomes, and the program's overall cost-effectiveness.

In a billion dollar job training program considered to be the very best the government offers, I am disturbed to hear that:

Only 12 percent of the 60,000 new Job Corps enrollees each year find jobs using the skills they were trained for in the program.

One-third of entering Job Corps participants leave the program within 90 days and 50 percent drop out by the 6-month mark.

\$100 million is spent annually "with no measurable benefits" on 21 percent of those who leave the program.

Despite the fact that 50 percent of students leaving the program find their own jobs, Job Corps placement contractors continue to be reimbursed as much as \$250 each for these self-placements.

In an advanced training program in data processing skills, where the average cost per trainee was estimated to be over \$33,000, only 9 percent of the graduates found jobs using those skills.

I am also concerned that the administration wants to expand dramatically the number of new Job Corps centers when there is evidence that existing centers consistently reflect low performance. This expansion is underway at a time when the Inspector General reports that nearly \$400 million are needed for repairs and renovations on the existing centers.

I look forward to hearing from the witnesses today to acquire a clearer picture of the problems in this program and suggestions for how we can help to make Job Corps more productive and cost-effective.

Senator SIMON. Senator Harkin?

OPENING STATEMENT OF SENATOR HARKIN

Senator HARKIN. I just wanted to say, Mr. Chairman and Mr. Secretary, that I agree that things should be made better. We can always look at programs and see how we can modify them and

make them better. But everything I have seen convinces me that Jobs Corps has done an outstanding job.

Just this weekend, I was at a Jobs Corps site in Dennison, IA, where we cut the ribbon on a new concept that started just a few years ago, where they will bring in young women with their children. There is a dormitory and they have a little room and the women can come with their young children. They have a day care center and they have incorporated a Head Start Center--and I want to talk to you about that sometime. That is a great concept, putting the Head Start Center right in there with the Job Corps Center. They bring young women in with their children so they have got the children's support, they have the education for the children, the Head Start program is right there.

And I just cannot tell you, you look at these young women who, as one said to me, she was just a hopeless case. She was out on the streets and here she is with a room, with food, with her children in day care, with her children in Head Start, and I am telling you it is like a new lease on life for these people. They have just turned their lives around.

I just saw that this weekend. This, again, is a new concept in Jobs Corps, where they bring the young women in with their children in a dormitory type setting. But I think it is, hopefully, the wave of the future.

Again, as Chairman of the Appropriations Committee that funds Job Corps centers, I agree that we ought to take a look at it, whatever longitudinal studies that need to be done. We have had it for a long time. Let us look at longitudinal studies. Let us take a look at what the outcomes have been. That is all well and good.

If improvements can be made, and I am sure they can, in any program that is that old, obviously changes can be made. But I am one who believes very deeply that the basis of Job Corps, what it has done and how it functions, is a net benefit to society. It helps us immeasurably. I am hopeful that when we make some of these changes, we do not try to destroy one of the best job creations, one of the best anti-poverty, anti-crime programs we have ever had in this country.

Thank you, Mr. Chairman.
Senator SIMON. Senator Pell?

OPENING STATEMENT OF SENATOR PELL

Senator PELL. In my mind, the jobs program is probably the most successful domestic Federal program that is going, and I congratulate you on it, Mr. Secretary, and congratulate our chairman on holding this hearing.

I think that we ought to have in the record the criteria for establishment of centers. I know we have engaged in some correspondence in this, and I regret we do not have one in Rhode Island, because I think they do a job and we need it. I would be interested in what the criteria are, if you could try to tell us right now.

[The prepared statement of Senator Pell follows:]

PREPARED STATEMENT OF SENATOR PELL

Thank you, Mr. Chairman, for holding this hearing. The Job Corps Program may well be THE most successful federal program and, as members of the Senate Committee with oversight responsibility, it is our duty to carefully review serious, legitimate criticisms of the program to insure that the program remains productive and effective.

I have always been particularly supportive of the Job Corps Program because of my long-standing interest in the field of education. The Job Corps Program offers skills and education to those youngsters who might not otherwise see the benefit of an education. Job Corps truly is a safety net.

I am confident we will be able to satisfactorily resolve the various questions before us this morning. I look forward to the testimony.

Secretary REICH. Senator, I am pleased to tell you. In selecting, Senator, the centers—and again, we only had eight—in fact, there were less than eight. I think there were only six and there were more than 70 applications. We looked to, number one, the ties to the community, other community resources that are available. We looked to whether there is a military base, for example, that can be easily transferred. We looked to the needs, that is the size of the poverty population being served. And there are several other criteria.

I would love to be able to have many more Jobs Corps centers and to be able to fulfill the demand that is obviously out there. We will be opening an additional four centers next year, and I hope that every State will be able to have at least one Jobs Corps center, but given budget constraints, there is simply not room for more than four.

Senator PELL. I realize that, and by coincidence, there are four states that do not have Jobs Corps centers, so those figures work out just perfectly. And I would point out, Rhode Island did submit an application. Thank you.

Senator SIMON. I think he has received the message, Senator Pell. [Laughter.]

Mr. Secretary, can you introduce our other witnesses who are at the table?

Secretary REICH. Yes, Mr. Chairman, I would be delighted. At the far end of the table is Ms. Anna Street. Ms. Street is director of PIVOT from Portland, OR. Ms. Street is a 1967 graduate of the Tongue Point Job Corps Center in Astoria, OR. She entered Jobs Corps with limited skills, graduated from the business clerical vocational program in 9 months.

Today, Ms. Street is the project director of the Partners in Vocational Opportunity Training in Portland, OR as a Jobs Corps demonstration project. This project teaches young welfare mothers job skills and life skills to make them self-sufficient.

Next to Ms. Street is Tamika Butler, a health occupations student at the Pittsburgh Jobs Corps Center. At age 11, Ms. Butler was diagnosed with cerebral palsy and during her early years in Philadelphia she had to overcome many, many obstacles. In 1993,

she entered the Pittsburgh Jobs Corps Center and has been very successful.

Her goal is to attend Allegheny Community College to obtain an associate degree in physical therapy and ultimately become a physical therapist. I might add that I was just in Philadelphia last week, Ms. Butler, and I was with a physical therapist company in Philadelphia and they told me that they had a need for 1,000 physical and occupational therapists and they could not find skilled young people to take those jobs. So you have chosen wisely.

Next to me is Miguel Garza, a Jobs Corps student at Red Rock Jobs Corps Center in Lopez, PA. As a student at the Red Rock Jobs Corps Center, Mr. Garza is enrolled in the advanced training program where, after two semesters in college, he is carrying a 3.5 grade point average. A native of Texas, he dropped out of high school when his father died and moved with his sister to Maryland.

He completed the automotive repair trade program after enrolling in Jobs Corps and Miguel entered the off-center program at Luzerne County Community College where he is now studying business management.

Mr. Chairman, if it fits into the program, I think any of these people would be pleased to report to you.

Senator SIMON. We would be happy to. Do you have any preference? If not, we will call on you, Ms. Street, first.

Ms. STREET. Thank you, Mr. Chairman.

I cannot tell you what an honor it is to be here before this distinguished body, our representatives. I thought Jobs Corps was the pinnacle, the key experience in my life, but I am going to tell you, being here this morning and hearing the kind of support that I have heard, really has lifted my heart.

My name is Anna Street and I am proud to be here to tell you how Jobs Corps changed my life 26 years ago. I grew up in a single parent home with five sisters and one brother. After graduating from high school, my mother could not afford to send me on to college or a business school. Then I heard about Jobs Corps on TV. The best thing that I did was to make that telephone call and take advantage of that opportunity.

In those days, there were not very many opportunities in Las Vegas, NV for a 17 year old. That was an adult city and the few offers that I had were not palatable for any young person. About that time, there had been a purging of frustrations in our Nation's cities and the wake of the aftermath was still visible in a lot of cities, an old story that is all too sadly familiar to most of us.

But it is just that today we have got different kind of issues occurring, that are confronting our young people. And thank God Jobs Corps is there as a way out.

The toughest decision that I ever made was to leave that safety net of home to get out of poverty. Senator Simon, I was afraid. I had low self-esteem. I was afraid because I knew that if I went and tried, I might fail. But one thing is sure, I knew that if Anna did not try, she was sure to fail.

So I took the opportunity that Jobs Corps gave me. I entered Tongue Point Jobs Corps Center in Astoria, OR in 1967 and 9 months later I completed business and clerical occupations, typing 85 words a minute, taking shorthand at 110 words a minute, and

the rest was history. I was the first African American stenographer, the first Jobs Corps graduate to be placed at SP&F Railroad as a stenographer, and since then, sir, I have been many firsts. But I do not mind, as long as I am not the last. I want them to say send me another Jobs Corps student just like Anna Street.

Jobs Corps then helped me to enter college. I entered Portland State University in 1969, where I remained until 1974. I left to work. I was eager to go apply those skills. But last year, in 1993, I completed a degree at Concordia College in business management and communications. So the skills that I learned in Jobs Corps, the pursuit of excellence, the fact that education is a continuous process, it is a journey, it is a journey, not a destination, are still with me.

But at a time when I needed it most, at a time when a lot of young people need it most, when they are faking it until they can make it, when they are trying on different personas, and trying to answer some of life's questions such as who am I? Where am I going? How do I get there? Jobs Corps was there to help me find my way, just as it has been with thousands of young people.

I found wonderful people in Jobs Corps, committed to helping young people like Anna and others to find their way. And they pushed me. I am here to tell you they pushed me, because they saw my potential before I did. And they pushed me to be the best that I could be without pushing me out the door.

I learned that I was okay. Jobs Corps made me, as it has thousands of others, believe in themselves. That caring atmosphere led me to where I am today, and I now direct a small pilot center in Oregon known as PIVOT, Partners in Vocational Opportunities Training.

And like the one that Senator Harkin just spoke about, that is what we do. We train welfare mothers. We are helping them to break the dependency on welfare, by providing them with skills through a Jobs Corps program, providing them with onsite child care and an array of comprehensive services. We are not working alone. We are working in collaboration with the school district, with Health and Human Services, with USDA, with JTPA, with community colleges, with teaching universities who run our health clinic to make it possible for them to find their way.

But do you know what is missing in today's youth, in their lives? It is high self-esteem, morals, a value system, and a strong work ethic. When you come from a disadvantaged family, you do not automatically bring those things with you. They are not taught or shared always in those homes. So many of us take that for granted.

So when I hear someone say that Jobs Corps is just a waste, it angers me sometimes because I have lived it and I know that none of us are a waste. We are always looking in America, it seems, for the big victory. But we forget that it takes a series of big victories to bring about successes, which lead young people to find their way. If there is a part that is broke, let us fix it, not abolish it.

There are lives at stake, and I wonder where would I or the 1.6 million other young people who traveled the road before me, and surely the thousands who are going to follow, where would we be if we were considered to be a waste? In malls, on the streets, in

prisons, in the parks or in someone's home. Jobs Corps makes it all possible.

Sure, there are some who give up. We know the reasons and, having been on both sides of the fence, I surely know those reasons now, having lived it and now being a practitioner of it. And when you keep pulling bodies out of the river, it behooves you to go upstream and find out who or what is pushing them in. So we know, no, we do not all make it. But for the majority who do, the program is certainly worth it.

We do not give up on cancer research because 40 percent of the patients die. Our hope is that 1 day we will find a cure. We do not give up on the 75 percent of young people who do not complete college in 4 years, because we know that sooner or later, through failures and successes, they will get on the right track and find their way, too.

And we cannot give up on Jobs Corps youth because 30 percent drop out, either. We cannot give up on Jobs Corps or the young people it serves because we still have hope for them. And as you know, poverty without hope is deadly.

But rather than focus on our losses, why cannot we focus on our successes and take pride in the 62,000 success stories demonstrated in Jobs Corps each year by the more than 62,000 that it serves. That is why the 50/50 plan is so important, a long-term initiative which is being proposed to build 50 new Jobs Corps centers over the next 10 years and serve 50 percent more youth. It addresses two separate but vital issues. One is to empower youth today by proposing to enrich and enhance existing Jobs Corps services, and to serve the youth of tomorrow by proposing to build better facilities, sturdy and new buildings.

By being here this morning, I believe that the future is bright for Jobs Corps. I want to continue to be a youth ambassador, traveling and speaking about the good that this program does on the Nation, and hopefully 1 day in the world. But until then, I will continue to keep trying to give back some of the goodness that Jobs Corps gave to me, because without it we are going to lose a lot of lives. We are going to keep on losing the war against gangs, weapons in schools, teen pregnancies, violence and poverty.

Jobs Corps is more than just a training and an education program. It provides strong work ethics, work attitudes, provide training experience. After we get the training, we then have to learn to go out and apply that which we have learned. And Jobs Corps makes that possible before we enter the world of work. And then, at the back end, to take care of us and make sure that we are placed in jobs. It is comprehensive in nature, not a band-aid approach.

Sure, everything costs. But I think we have to decide, do we pay now or do we want to pay later. It is a shining ray of hope for more than 62,000 people who are in those slots every year. Tamika and Miguel, my Jobs Corps brother and sister sitting next to me, are shining proof of that. Yet, that is only the tip of the iceberg. More than 6 million more young people in this country are at risk. That is a lot of potentially lost lives. We are losing them every day.

By the grace of God and by Jobs Corps, I am not one of those statistics. But I would like to live you with one thought. Civil

rights leader Whitney Young, Jr. said it is better to be prepared for an opportunity and not have one, than to have an opportunity and not be prepared. And Jobs Corps is preparing young people today to be ready for opportunity when opportunity knocks.

Thank you, and may God bless you as you continue to support this program.

Senator SIMON. Anna Street, we thank you. You are a powerful witness. [Applause.]

[The prepared statement of Ms. Street may be found in the appendix.]

Senator SIMON. Bob Reich better watch out. You are going to take over as Secretary of Labor. [Laughter.]

Ms. Butler, can we hear from you?

Ms. BUTLER. Good morning, my name is Tamika Butler. I am a student at Pittsburgh Jobs Corps and I am proud to have the opportunity to tell you about myself and Jobs Corps.

Before I joined Jobs Corps, I lived with my family in Philadelphia. While I was growing up, I was teased and taunted by kids from the neighborhood because I was slow and not very strong. When I was 11, the doctors told me that I had cerebral palsy. I felt bad about myself and lost my confidence.

When I was 12, I lived with my grandmother and she was the best influence I had. She made me have pride in myself and gave me the motivation that I needed to be successful. Unfortunately, she died when I was 15.

From that day forward, I took upon myself to take the responsibilities of the household. When I was in 11th grade, my brother increasingly took drugs and acted very weird. I took more and more time to take care of his two-and-a-half year old daughter, watching out for his strange behavior.

It became harder and harder for me to go to school, because I would wake up, get ready for school and realize the house would be empty except for my niece. I had to take care of her, because there was no one else. And I had to look after her until someone else came home.

Pretty soon, I gave up on high school and dropped out. I spent the next year filling out job applications and trying to get my GED. I got nowhere because my home life became harder and harder to deal with. One day a friend of mine told me about Jobs Corps and told me what she had gotten from Jobs Corps, a good education, good job training, and an ability to get a job.

I knew my life was going nowhere. At home, way too many distractions and I was not succeeding in getting any of my goals accomplished. I needed to get away from home and to focus more on myself and my needs to be successful.

In June, 1993, I entered Pittsburgh Jobs Corps, and it was not easy. In fact, it was tough because Jobs Corps does not hand anything to you. You have to be mature in making decisions. But it made me realize how hard, in order for me to be successful. It gave me a whole new set of friends. I have lost many, too, because they were not able to abide by the rules. Many have went to universities and corporations.

However, it gives you a sense of safety, no violence. It gives you time to study, to learn a trade, to play sports, and to make new

friends, to find yourself and your strengths. Through Jobs Corps I have developed a strong sense of self-esteem and have become much more sure of myself.

I received my GED, my health occupation trade. I received Coca-Cola and Black Entertainment Television national Personal Best award. And most important, in January, I will be the first in my family to attend college. I plan to attend Allegheny Community College to obtain a degree in physical therapy. I want to become a physical therapist and work with helping out children with disabilities. I want to give something back to others that I have gotten.

It would have never happened if I had stayed home. When I call my family they are very proud of me. I know I am a changed person. They always said Tamika, we knew you could do it, you just have to believe in yourself. You know what? I do believe in myself. I know I will become a physical therapist. I will succeed and I will be able to help others with my problem because of my determination of overcoming obstacles and my belief in God and the skills and the confidence I gained at Jobs Corps.

Senator SIMON. We thank you very much and we believe in you, too. [Applause.]

[The prepared statement of Ms. Butler may be found in the appendix.]

Senator SIMON. Miguel Garza?

Mr. GARZA. Good morning. My name is Miguel Garza. Originally from Brownsville, TX, I am now a student of the Red Rock Jobs Corps Center in Lopez, PA.

While I am excited about being given this opportunity to address such a distinguished audience, I am also puzzled. Why have I been asked to speak? There are others with far more gripping stories than mine, others who can speak how Jobs Corps turned their lives away from crime, violence or drugs and into something meaningful and productive. But me, I was just ordinary, facing many of the same problems youth all over this Nation of ours face each day.

As a Hispanic youth, I grew up believing myself to be less than ideal, looked at and pointed to by those who did not understand me, even as I did not understand them. While I believed I found refuge by staying inside myself, I in fact developed the characteristics of low self-esteem and self-worth so common to many young men and women of today.

With limited academic and family support and youthful dreams of marriage and family, I changed schools to be closer to my girlfriend. I may have well been destined to the life I had chosen were it not for what came to be one of the most significant events of my life, the passing away of my father. When he died, I felt I had died, too, and my world completely fell apart. For some time, I wandered aimlessly and without drive or ambition, ultimately dropping out of high school.

My mother, searching to rescue me from this self-made hell, arranged for me to live with my sister and her family in Maryland. It would have worked if I could have left my mind in Texas, but it seemed to be following me wherever I went. And so, in Maryland, too, I found myself lost and confused, without purpose or direction.

Then 1 day, I happened to see a Penny-Saver ad that claimed through something called Jobs Corps I could change my life, and change was something I desperately needed. Soon after entering Jobs Corps, I began my training in automotive repair. I had only been in the program about a month when I tested for and passed the requirements for my GED. While I saw nothing special about my test results, others did, as they compared my score of 323 against the required 225 needed to pass.

With an incredibly strong Jobs Corps support system behind me, I was nudged and pushed until I had gained the confidence I needed not only to complete my current step-off phase in automotive repair, but to begin majoring in business management at Luzerne County Community College. I am proud to say that following three semesters of full-time full course load study, I am currently carrying a 3.5 GPA.

As I move forward to a bright future, I cannot help but look back at what was a bleak past and realize just how special I always was. I just did not know it. It took a program like Jobs Corps to open my eyes and to make me see the vastness of my potential and the greatness of my self-worth.

In closing, I cannot help but to think of the many other young men and women who are struggling to find themselves. I wonder if, when it is their moment for change, will there still be a program called Jobs Corps? Will it still have its doors open to the people like the young men and women you see before you here today, or will they be turned back and turned away because there is no more room? I hope not.

I thank God that when my eyes were opened there was still one place left. But what tomorrow? What about my friends. Thank you. [Applause.]

Senator SIMON. We thank you.

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

Senator SIMON. We thank all three of you very, very much.

Miguel Garza, Mr. Secretary, on this last point said he wonders about so many others who have not had this opportunity. What is the situation, in terms of applications to get in and the number of openings that we have in Jobs Corps?

Secretary REICH. Obviously, Senator, there are far, far more applications than there are openings. Job Corps is a residential program. It is a very limited residential program. There are many, many multiples of young people who can and ideally would be served if the program was much larger.

In other words, the universe is substantially larger than the population that can be served.

Senator SIMON. If I can just make this personal observation, we do not know how many more like the three of you who have not been served. We just voted a Crime Bill where, without a hearing, we voted \$9.7 billion for additional prisons. What if we had said let us have \$4 billion for additional prisons and spend \$5 billion for the Job Corps? [Applause.]

Let me ask the audience, and I particularly appreciate your applauding when I speak, if we can refrain from applause. These are the rules of the Senate, even though I appreciate that.

But I think we have to be looking for constructive answers.

Let me ask a very difficult question of each of the three of you. Where would you be today if it were not for Job Corps? Ms. Street?

Ms. STREET. Senator Simon, I was just thinking a moment. I shudder to think where I might have been, given the unpalatable offers that were made to me in Las Vegas when I was young. Young people have a tendency to look around them and the people that they see in various roles, whether those roles are ethical or unethical, they look like heros and sheros to them.

And there were some folk around me who looked good, that I did not realize until later were totally out of step with the drummer that my mother would have had me preferred to march to. I do not know. I do not think I would have gone through college. I doubt if I would have skills. Las Vegas is a large gambling industry.

I believe if I could do a flashback, I could be working in some casino today, probably as a change girl or a maid. I cannot envision me being where I am today if I had not had the opportunity that Job Corps gave me, and I am very grateful to this program.

Senator SIMON. I thank you. Ms. Butler?

Ms. BUTLER. I would be in the same position I was before I entered Job Corps, filling out job applications, trying to find a way to get my GED. But joining Job Corps, it helped me be more successful, gave me more to look forward to, and it gave me a new outlook on life.

Senator SIMON. Mr. Garza?

Mr. GARZA. Without Job Corps, I would probably still be back in Texas, probably doing demeaning work, anything that—like I said, without Job Corps I would not have the opportunity to go to college or learn anything about the automotive trade, which I know will help me in the near future.

Senator SIMON. Let me just make one other observation here. You mentioned, Mr. Secretary, 70 percent having jobs or going on to school. Job Corps is not universally successful, but that is true of high school. It is true of college. We do not say because 50 percent of those who enter college do not graduate let us do away with college.

The 30 percent who do not go on and have jobs, and you know some of these people, have been probably enriched in some way in the process. And so it is not money that is lost. We have invested in them in a special way.

I think sometimes when we stress the negative on some of these things, we forget even among those who do not technically succeed, we have made an investment that is important.

Senator Kassebaum?

Senator KASSEBAUM. Thank you, Mr. Chairman.

Mr. Secretary, you have brought a powerful group of witnesses with you, and I think it is important for everyone to understand the purpose of this hearing and the questioning at this oversight hearing, which has not been held for some 10 years, is not to abolish Job Corps. In fact, I would suggest that what can come from this, I would hope, is a real thorough evaluation. And I hope, Mr. Secretary, and I know you feel that indeed this is being undertaken and will continue to be done, they will improve the program.

It is not just a question of adding more money necessarily, so more individuals can attend Job Corps. It is making sure that the young people who are attending will be benefiting. And I think to do so, we have to be willing to continually challenge ourselves and the program and how it can be improved.

We are spending, in the 1995 budget, and as Senator Harkin who is the appropriator and chairman of the subcommittee can verify, I believe it is \$1.1 billion, which translates to about \$23,000 per annual placement slot. Now again, it is not the money so much as making sure that we are spending it wisely.

We talk about a 70 percent placement rate. Mr. Secretary, one of the things that troubles me a great deal is that we only follow—and it can only be a rough estimate—because the only follow up that is done regarding placement is the first 20 hours of work. After that, we do not know what happens. I think it is important for us to really be able to better evaluate what is happening to a young person who goes out after the first 20 hours, so we have got some data that we can utilize to help strengthen the program.

You say it does not make a lot of difference that there is a 50 percent dropout rate after the first 6 months. The 50 percent who are still there are obviously gaining some real benefits and it is an enormously important program to those that are the most disadvantaged. But I think it is also a disadvantage to the young people who are entering Job Corps if we are not making sure that the criteria and the demands are of quality for all the Job Corps Centers. Some have an enormously successful program, enormously successful rate of return, so to speak. But I think that it is uneven among centers, and I think that we are all required to demand the very best.

I think that to just try and ignore an Inspector General's report, and one that has been made since 1987, or some of the points that the Inspector General has made in his reports, because of the methodology used. Nevertheless, if not an Inspector General, who else can help us audit a program? An Inspector General is in every agency of government, and I think we have to be mindful of the questions he raises.

The Inspector General's report really questions the 70 percent placement rate. I think his figure puts this at about 57 percent. Again, it is not necessarily money or percentages. It is knowing that there is some data we can utilize that helps us better analyze what is commonly referred to as the oldest and the best of our job training programs.

And Mr. Secretary, you and I have discussed this many times. When we spend \$25 billion annually on a wide range of job training programs, I think it is a disservice to those who participate, and we have heard from three who have given some wonderful testimony, not to be able to have the data to know better what works and what does not work. That is a lot of money. And I think we owe it to taxpayers as well as those who we need and support and help, to make sure we know in a far better way what is working and how it can be improved.

And that is the challenge, I would suggest, of an oversight hearing. I very much welcome this and I hope we can follow on with others. I hope, just as you develop criteria for where the sites are

located, we can develop criteria that we can use to better monitor the centers and the placement rates and what they are achieving. That would be my goal, Mr. Secretary, and I think it will vast strengthen the program.

Secretary REICH. Senator, if I may, first of all I do want to thank you for your concerns and your vigilance. It is vitally important that the Inspector General and members of Congress, with regard to every Federal program, continue to monitor and make sure that the public is getting its money's worth. And I do appreciate your interest in Job Corps.

Let me say that, contrary to the supposition that the administration, or even the previous administrations, have ignored Inspector General reports, quite the contrary. The administration and the previous administration have made continual changes in the Job Corps program in light of Inspector General reports. In my testimony, I listed many of those changes. We continue to make changes, and I very much value the input of the Inspector General.

I think it is important to point out, for example, and you have pointed out, that poor performing centers do need to be changed and altered. And of the centers on the Inspector General's list of the 20 poorest performing centers in 1990, 13—this is 1990's list—13 have moved off the list. Four of these, because of improvements, have actually moved into the top 50. Changes in center operators have been made in half of the cases. There is increasing vigilance and has been with regard to meeting performance criteria.

If I just may add, with regard to placement, and you also mentioned placement, we have new data. We just got it. I would have shared it with you, but I got it just this morning. This is the first quarter, which ended this weekend. The placement rate for the first quarter based on all terminees, without any adjustment for those whose status is unknown, this is just for those that we know, is 77.4 percent. Not 70 percent, 77.4 percent.

And this is the rate which the Inspector General uses. In other words, no paper, no documentation, you do not have a job. So that on the basis of Inspector General reports of the past, there have been continuous improvements and upgradings. I have been, in the past, and I don't want to sound a partisan note, but I was a critic of the Bush administration in many respect. But I think in terms of Job Corps and the kind of work that the Bush administration did to continuously upgrade Job Corps, and the work we are doing building on what the previous administration did, I think it is an exemplary record.

But that does not mean for a moment that we are satisfied, and I do not want to give you the impression that even though I believe this program is a tremendous success and it more than pays for itself and we have got to do more, that it is where it should be in all respects. No, we are going to be aggressive in continuing to improve.

In fact, you pointed out with regard to retention. We are now studying a proposal to pilot a test program follow up with students 13 weeks after termination. I think it is very important to follow

them longer after termination of program. In addition, as I mentioned before, we are having a larger study comparing, on a random sample basis, students that went through Job Corps with students that did not, in terms of crime and welfare dependency and their future jobs generally.

So we have to keep on evaluating these programs, and make sure they work. I am with you on that, 100 percent.

Senator KASSEBAUM. Mr. Chairman, I might just add, I do not want to imply in any way that I am critical of just this administration. I would be critical of whatever administration might be in as we analyze the job training programs.

Perhaps to all three of the witnesses, I would ask do you think it would be an advantage to follow up with participants for longer than just 20 hours? I mean, that is only a week basically. Would it not lend greater support to have an evaluation that would follow up for a longer period of time? Mr. Garza.

Mr. GARZA. I guess I would believe it would be a little more beneficial than just, as you said, 20 hours or a whole work week.

Senator KASSEBAUM. Ms. Butler, do you think it would be an advantage, as far as perhaps give you a great—do you report back? Do you confer with anybody that you have worked with at Job Corps? I do not know how that works, after you leave.

Ms. BUTLER. You do. After you leave, you are still in contact with your job placement consultant up to three to 4 months after, to see how well are you doing, and if you want additional training they help you with the process, with the continuing.

Ms. STREET. Yes, Senator Kassebaum, I certainly had that follow up. They did not let go of me until they got me in college, and that was a good 4 months later. In our own Job Corps II pilot program that is training welfare mothers, we do have an after care or transition program that follows those welfare mothers for six to 12 months after they have left, because we know that it takes time to get stable in the world of work. They might lose that first job, they may lose the second, but you work with them until they get it right. Maybe it will take the third one before they get it all right.

Secretary REICH. Senator, if I could just add one final note to this particular point. The administration, in its budget request to Congress, asked for \$1.15 billion for Job Corps to extend the program to six new centers. I completely understand the constraints on Congress with regard to the domestic discretionary budget, and I completely understand the ability to extend Job Corps to the fullest extent that the administration wanted.

But I do feel that this point needs to be made. This program is, on balance, the best program we have, the most proven program we have, for dealing with the most severely disadvantaged young people in this society. And from the standpoint of public return to investment, as the studies have shown, reduced crime, reduced welfare dependency, more productive lives. In my view, in the administration's view, we ought to be spending much more.

Yes, we can simultaneously and must simultaneously improve the programs in terms of the quantitative and objective measures, and we will continue to do that. But overall, in terms of the effect of the lives of the most disadvantaged people in this society, it is a much better investment I believe than another prison cell.

Senator SIMON. Senator Harkin?

Senator HARKIN. Thank you very much, Mr. Chairman.

Having made my reduced opening statement and giving strong support to Job Corps and listening to the three of you reaffirm what has been my basic belief, I just want to say, before Senator Kassebaum leaves—

Senator KASSEBAUM. I am sorry, they just called. They need one more for a quorum in another committee.

Senator HARKIN. That is OK. I just want to say having said all that, I want to put on another hat and I want to thank Senator Kassebaum for what she has done to raise this issue, because I believe that any program that has been in existence this long needs a very serious look. And I commend her for that. I know that she does not want to destroy Job Corps Centers. I know that. I know her too well.

But she does want to make sure that we get the most for our dollars. And that is my hat, on Appropriations. So I just want to thank Senator Kassebaum for raising this issue. We have to take a look at this, my friends.

We had eight new starts approved in 1993 and 1994. As the Secretary said, four new starts this year. At the beginning, it does not look like much. \$15 million for the ones this year, \$47 million for the other eight. But in 5 years, that is going to be \$240 million a year. Where am I, the appropriator, going to get that money? We have got a budget freeze on. Next year, we are going to cut \$5 billion in outlays, from discretionary spending.

I would like to know where we are going to get this money. It is not there. That is why we had a tussle on the four new starts. They wanted six. We put zero in ours. Someone who really believes in Job Corps, I put zero in. I knew we were going to have to compromise on it. So we compromised at four, because I am not looking just at this year. Sure, we can always come up with \$15 million, but it is that cost three and 4 years from now when we start operating them.

And it will be. It will be, on the average, about \$20 million each. You figure it up, it comes to about \$240 million. You are talking over a 5 year period of time \$1.2 billion, double what we are doing right now. So I do not know where we are going to get the money for this.

Secretary REICH. May I say, Senator, speaking as the Secretary of Labor and a completely objective observer of the appropriations process, that I have every interest in helping you get as much money as possible for your Appropriations Subcommittee, which is the heart of the human resource agenda of this government and this country.

Senator HARKIN. I know, and I will say publicly that you have proven that in the past, in the past couple of years. You have been there and you have helped greatly. And without your help, we would not have been able to get the four this year. I know that.

But I just have to say that we have to look at this program, this \$1.1 billion per year program. We do have to look at any kind of streamlining, cutting expenses, and we are going to do that. I am the last person that wants to close any down, but we are going to have to take a real close look at how we get the most for our dollar.

Now there are a couple of issues that the OIG came up with. I agree with you, Mr. Secretary, when they say only 13 percent obtain jobs for which they were trained, that does not bother me. I do not get too excited about that. And some of the other findings, I just do not get excited about.

I do get excited when I find out that the placement status of one-fourth of the Job Corps participants that terminated were unknown.

Secretary REICH. That has changed, Senator. That was the case in 1990. This year it is down to 10 percent unknown.

Senator HARKIN. That is good. That is good progress, then.

Secretary REICH. This is an example of what I am talking about. That is, the Inspector General has been enormously helpful through the years in pointing out areas where the program can be improved and actually making sure that we know about placement, down from 25 percent unknown where they go in I think it was 1990, now down to only 10 percent, is a sign of the improvement that we have been able to make because the Inspector General has been so helpful.

Senator HARKIN. That is good. And the last one, of course, that bothers me is that they are finding that centers that consistently perform below the national average continue to operate with no significant improvement. The OIG went on to point out the wide variations in some of these. I just think we are really going to have to take a very hard look at that, and find out who are operating these centers. We are going to have to have some better standards and raise those standards up, and narrow those parameters down somewhat.

Any help and advice and consultation you can give us on that would be appreciated. I kind of wear two hats. I serve on the committee with Senator Simon, and he is our chair, so I am on the authorizing, but I have to always look ahead at next year's appropriations to see what we have for next year. And it is going to be very, very tough. I just want everyone in this audience to know that. It is going to be very tough to continue this.

I know there are other centers that want started. I am just not certain how we are going to be able to accomplish that. Something has got to give someplace, somewhere. Obviously, I think we ought to make it give in some other areas where we are spending money, and shift it over here, but then I have talked a lot about that in the past.

So Mr. Chairman, again as the Chairman of the Appropriations subcommittee, I will do what I can to assist you in trying to help the OIG and his office and how we can streamline this program and make it more cost effective.

Can I just say one other thing, as long as I am sort of rambling on here a little bit. Senator Kassebaum mentioned \$23,000 a year, that is more than 4 years tuition at the University of Kansas. Well, I do not know what 4 years at Kansas would be when you put in room and board and everything else. But I hear that a lot, cost always compared to what tuition would cost at a university. And it does sound high, and it is a lot of money, \$23,000 a year.

Again, Mr. Chairman, I have to come back to the old thing, prevention. Prevention is worth a pound of cure. It costs a lot less. I

wonder how many of those, even those that are sitting here, might not have had a better start in life if we had had really good Head Start programs, and follow through programs, school based programs, neighborhood based programs, that kind of support that a child needs very early in life to give them that self-esteem, so that they do not lose it? I tend to think it would have been a lot less than \$23,000 a year.

That is where we have got to start pushing some more of our resources, down to the youngest children in our society.

Secretary REICH. I could not agree more, Senator, and again I think it is important for the public to understand the context and what these choices really mean. The average dropout from high school is costing American society, just in terms of the criminal justice system, \$21,000. That is not including welfare costs, which in 1992 alone, \$18.5 billion. 40 percent of those welfare people are dropouts.

And then, if you also consider that this society is providing people who go on to college an average of \$25,000 in public funds, not to the dropouts, to people going to college in terms of public funds for those people. The kind of investment we are talking about for these hard core disadvantaged young people pales by comparison. And if it reduces crime and deviancy and welfare dependency and gets them a much higher likelihood of a job, which it does, this is a terrific deal for society.

Senator HARKIN. I agree, Mr. Secretary. Thank you very much, Mr. Chairman.

Senator SIMON. And I thank you. Let me just add, Senator Harkin has been great in terms of fighting for things that I think are really important in our society. But we, in the Senate and in the Nation, have to make some tough decisions. What are our priorities? Is a space station the priority that we ought to be spending \$80 to \$100 billion on, relative to the kind of things that we have here? Weapons systems, other things.

\$1.1 billion for the Job Corps is a lot of money. One cent of a gasoline tax brings in \$1.2 billion. In other words, if we were to say this is an investment in young people we have to make, and if we were just to increase the gasoline tax one cent, we could double the Job Corps program in our country. Would it be worth it? I think to ask the question is to answer it.

I think we have to make some tough decisions. Now it is not easy for those of us who are here to sometimes make these tough decisions. But I think that is what we owe the Nation.

We thank you all very much and, meaning no disrespect to you Mr. Secretary, we are particularly pleased to have the three of you. I am sure you never thought, some years ago, that you would be here testifying before us and with the Secretary of Labor, and we hope your friends do not hold it against you. We thank you all very much. [Laughter.]

Our next witness is the Inspector General for the Department of Labor, Charles C. Masten. Mr. Masten, would you please introduce your associate?

Mr. MASTEN. I will, Mr. Chairman. Mr. Joseph Fisch is assistant inspector general in charge of our office of audit.

Senator SIMON. We welcome your statement at this point.

**STATEMENT OF CHARLES C. MASTEN, INSPECTOR GENERAL,
DEPARTMENT OF LABOR; ACCOMPANIED BY JOSEPH FISCH,
ASSISTANT INSPECTOR GENERAL FOR AUDIT**

Mr. MASTEN. Thank you. Good morning, Mr. Chairman and members of the committee. Thank you for inviting me to testify on my office audit work concerning the Job Corps program and our recommendation of ways the program can be improved. From the outset I would like to emphasize that the views expressed here today are mine as inspector general and may not be the official position of the U.S. Department of Labor. I have submitted a complete statement for the record and I would like to enter that.

Senator SIMON. We will enter your full statement in the record.

Mr. MASTEN. Thank you, sir. The Job Corps program was created in 1964 to provide disadvantaged youth with education, vocational training, work experience, and counseling to help them become responsible, employable, and productive citizens. The important mission, coupled with the fact that Job Corps costs exceeds \$1 billion a year, makes ensuring its success vitally important.

Mr. Chairman, the OIG has always believed that the Job Corps program plays a pivotal role in the Nation's plan to enhance the economic earning power of America's youth. In its 30-year history the program has enjoyed a great deal of success. However, as always is the case of program of this size and magnitude, there is room for improvement.

In the last 5 years the Office of Inspector General has conducted approximately 275 audits of this program including various financial and compliance audits conducted pursuant to Federal statutory requirements. These reports identified weaknesses in internal controls over Job Corps eligibility and screening, placement, and student allowance system, among others, and made recommendations on needed improvements. In most cases, management has addressed our recommendations and taken necessary corrective action.

In addition, since 1987 the OIG has also issued four comprehensive cost analysis reports on the performance of the Job Corps program. The purpose of these reports was not to criticize the program, but rather to provide ETA with an additional management tool in evaluating and maximizing its effectiveness. As a result, these programs did not contain specific recommendations, just information on the status of various performance indicators.

These cost analysis reports are based on Job Corps' own performance data for each individual center. Our process has simply been to audit and array Job Corps' data to measure performance of various components of the program. These reports identified areas that we believe need to be reviewed and addressed by ETA. The most recent of these reports was issued by the OIG in 1991 for program year ended 1990. It is important to note that the program results for that year were consistent with the program results for the program years ended 1987 through 1989.

For program year ended 1990, the OIG reported that, number one, there were no measurable gains for one-fifth of the students that terminated from the program that year. In other words, despite the fact that these students' average length of stay for the program year 1990 was 151 days, they were not placed in a job,

did not return to school or enter the armed forces, did not show any learning gain, or did not attain their GED. Therefore, for program year ended 1990 over \$100 million in taxpayers' dollars were invested in students who did not attain any measurable gains.

No. 2, the placement status of one-fourth of the total Job Corps participants that terminated from the program was unknown. This was true even though Congress intended that student tracking take place and such tracking is required by the Job Corps policy.

No. 3, only 13 percent of the students obtained jobs for which they were trained. This is an important factor since the law specifically states that the Secretary shall make every effort to place enrollees in jobs in the vocation for which they are changed.

No. 4, centers that consistently perform below the national average continue to operate with no significant improvement. We believe this finding is most important and I will discuss that in greater detail in a few moments. It is important to note that these performance statistics of the Job Corps program represent an average of the individual statistics for each of the 103 Job Corps centers in operation nationwide as of June 30, 1990.

Currently, my office is conducting another comprehensive audit of the program, this time through program years ended June 30, 1991 and June 30, 1992—the latest period for which information is available for audit. These reports will be issued in final early next year. Our preliminary audit findings for program year ended 1992 indicate that the program performance remained relatively the same as previously reported.

Mr. Chairman, one of the most important areas that we have identified in our audits as requiring management attention has been the relatively low performance of some centers. Using Job Corps' own data, the OIG has reviewed the individual performance records of Job Corps centers nationwide since 1987 and, based on several performance indicators has ranked the centers accordingly. The OIG audits have consistently shown that the performance of a number of Job Corps centers remains relatively constant from year to year.

The OIG has found that while a significant number of centers enjoy sustained performance above the national average in all or most of the performance indicators, there are centers that consistently perform below the national averages. This is true despite Job Corps existing performance measurement system. The OIG has found that, for the most part, the bottom-ranked centers place fewer students upon termination, assist fewer students in obtaining their GED or in achieving learning gains, have fewer students who complete their vocational training, and have a higher rate of students whose status is unknown.

Mr. Chairman, it concerns me that there is such a wide variance between those centers that perform above the national average and those centers that perform below. The variances include the ranges of 2 percent to 36 percent for students with no measurable gains; 5 percent to 44 percent for students whose placement status is unknown; 4 percent to 28 percent for job training match; 10 percent to 92 percent for students obtaining their GED; and 39 percent to 87 percent for placement upon termination.

The OIG is of the opinion that every student entering the Job Corps program should have the same opportunity to succeed. As I have stated earlier, the program is intended to be a turning point in the lives of these disadvantaged youth. It troubles me that a student's chance to succeed may depend on which center he or she attends.

Mr. Chairman, as you are aware each Job Corps center requires the continued investment of millions and millions of dollars per year beyond the initial capital investment to remain in operation. While the OIG does not believe that centers should automatically be closed due to poor performance this is one of the available options, along with relocation, that should be considered if management action fails to produce the desired results. The OIG believes that at some point the Employment and Training Administration needs to decide whether it is appropriate to continue to fund those centers that perform below the national average and that are not meeting the program objectives or whether it should be recommended that those funds be better invested elsewhere.

Therefore, Mr. Chairman, the OIG is of the opinion that the overall performance of the program can be significantly improved if Job Corps makes it a priority to, number one, assess the national averages for the various performance indicators to determine if an individual center's performance is at an adequate level. And number two, institute measures to ensure that centers performing below the national average should show significant improvement.

Mr. Chairman, we believe addressing these areas would be an appropriate start toward enhancing program performance and, in our opinion, should be considered before a decision is made by the Department to continue to recommend expansion of the Job Corps program. To do otherwise means that we simply will be continuing to spend already scarce resources funding the less effective centers, further diluting the needed oversight and management of the program, and failing to ensure that every student entering Job Corps has an equal opportunity to succeed.

Mr. Chairman, I believe that just as it is appropriate to focus on the success of the program, since no program is perfect it is equally appropriate to focus on those areas that need improvement. We look forward to continuing to work with the Department and the Congress to ensure the success of this vital program.

This concludes my oral statement. Mr. Fisch and I are ready to entertain any questions you may have. Thank you.

Senator SIMON. Thank you very much, Mr. Masten.

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

Senator SIMON. I think the point in your conclusion, you said it is a vital program; we are in agreement there. We also agree that whatever needs to be done to improve it, obviously we should be doing.

You say in your statement, while the OIG does not believe that centers should automatically be closed due to poor performance, this is one of the available options along with relocation. It seems to me there is a third option and that is, you change the management. Put new people in charge where you are not getting the right

kind of performance. Is that taking place in these poor performing centers, or poorer performing centers?

Mr. MASTEN. In some of the poorer performing centers the top management is being changed, but the curriculum and the people who actually are doing the training or the focus are not being changed. It is the entire operation of the centers that need to be addressed. If you change the top—and I think in some of the cases the top management has been changed—and there has been no significant improvement, you may need to look to see whether the changes should be made at a lower level.

Senator SIMON. I certainly got the impression when Secretary Reich testified that he is taking your recommendations seriously. Are you under the impression that the management of the Department of Labor is taking your recommendations as inspector general seriously?

Mr. MASTEN. I am. As I have stated in my prepared statement and in my oral presentation, the Department has reacted to some of our recommendations. We are simply pointing out other areas that they need to focus on to improve the program even more.

Senator SIMON. When you mention some of the variations in gains, could this also reflect a variation in the students who enter some of these programs? In other words, that some centers while overall—again, we are talking about young people who come from families with an average income of less than \$7,000. You are talking about people who are really struggling. But could some centers have more disadvantaged and students who are just really facing a tough time more than other centers? Are you considering that in your equation, or should it be considered?

Mr. MASTEN. Mr. Chairman, I do not think that really should be considered because I believe the participants can go to any center they are directed to. And I think they should probably be directed to those centers that are providing the greater results. I do not know specifically the ranking of the individuals who testified here this morning, but I dare say they came from centers in probably the upper 50 percent.

Senator SIMON. But it does seem to me that there is a possibility that some, like Ms. Street testified here earlier, she is working with welfare mothers, people who are just really struggling. There may be some differential in the people served.

Mr. FISCH. Mr. Chairman, there may be, but I think that the characteristics of most of the kids are the same across the centers.

Senator SIMON. Pretty much the same.

Mr. FISCH. Pretty much the same.

Senator SIMON. All right. Senator Kassebaum?

Senator KASSEBAUM. First, Mr. Masten and Mr. Fisch, I would just like to say how much I value the work of the inspector general's office. I think it is important for every agency, and I think we here in Congress need to pay close attention to the independence of the inspector general's office. It helps us all. I think the things that you have mentioned are going to help us improve the program. And that is I am sure, as you have stated, your desire and it is ours as well.

You criticize the Job Corps for the lack of performance standards in critical areas. Senator Simon just asked if changing management would help. But I wonder if you could explain which areas and how these standards might improve the program's effectiveness.

Mr. MASTEN. I'll let Mr. Fisch answer that one.

Mr. FISCH. Senator Kassebaum, we believe that like any business Job Corps should have standards to measure the overall effectiveness of the program. These standards should be developed in all performance areas to ensure that when the program performs an impact study that the return on investment will be favorable. We believe that the following are areas that require either new standards or improvements in the current standards. We believe that standards should also include all students.

The following are some examples. Job match training; this has recently been added to the Job Corps system. However, it does exclude some students from evaluation. Job retention; the current standard is 20 hours. I think we heard here today that there are some experimental situations going on to measure the outcomes further on. We think that is very important. The status unknown; the postprogram tracking. Again I mentioned the 13-week outgrowth. And of course, measurable gains. And last but not least, a standard on classroom attendance.

Holding centers accountable to these standards in current comparison of actual to these standards should result in improved performance. Management can concentrate their efforts on those centers that have unfavorable variances.

Senator KASSEBAUM. On classroom attendance or attendance for any of the program, are all centers operated the same way? Do some centers allow a great deal of flexibility in attendance and can actually be off-site and others have to stay on-site?

Mr. FISCH. Yes, I think there are some variances in that respect. Some of the audits that we have done have noticed that there is an absenteeism in individual classes of up to 50 percent. Our current work that we are doing right now finds that this is averaging in the neighborhood of 20 to 25, even in some cases 30 percent. On the other hand, we have found attendance at some of the classes at the centers at 120 percent of capacity. This has to do with the fact that a lot of the kids like certain classes and do not like others and do not attend the ones they are supposed to be in.

Senator SIMON. How can you get 120 percent?

Mr. MASTEN. Of capacity. If you have a classroom with a capacity of 40 people, you can bring in 60 people to stand around because they—

Mr. FISCH. They are not supposed to be in that class, but they are attending it because they like that particular curriculum.

Senator SIMON. All right.

Senator KASSEBAUM. Going back to management again, about 80 of the centers, is that right, are contracted out?

Mr. MASTEN. That is correct.

Senator KASSEBAUM. Under the management of the Department of Labor?

Mr. MASTEN. That is correct.

Senator KASSEBAUM. Maybe not all of those—

Mr. FISCH. There are contract centers. I think there are something like 30 centers that are CCC, Conservation—

Senator KASSEBAUM. And USDA and so forth. But not all are contracted out, or are they all contracted out?

Mr. FISCH. No, the Agriculture and Interior centers are not. They are funded, that is a pass-through through Job Corps. The money is passed through to Interior and Agriculture.

Senator KASSEBAUM. But the same criteria are there for every contract, I assume.

Mr. FISCH. Job Corps measures across the board for all the centers the same.

Senator KASSEBAUM. For those that are contracted out by the Department of Labor, do they have to monitor those standards? I mean, who monitors this? When you say that you go out and in your audit you find there are certain centers performing—

Mr. FISCH. Job Corps monitors it. The management plans, does, and reviews.

Senator KASSEBAUM. Management does its own review?

Mr. FISCH. Yes, ma'am.

Senator KASSEBAUM. Management does its own review. There is nobody other than yourself that comes in and looks at the program?

Mr. FISCH. No, not to my knowledge.

Mr. MASTEN. Not to my knowledge

Mr. FISCH. I mean, they have had the outside studies with Mathematica and things like that.

Senator KASSEBAUM. Mathematica was done some time ago, wasn't it, the last time?

Mr. FISCH. Yes, that was done in the 1970s and I think the report was issued in early 1980.

Senator KASSEBAUM. Your staff, it is my understanding, conducted a performance audit of an advanced training program in data processing skills that is operated by the Transportation Communications Union for the period of July 1, 1991 through August 15th of 1993. Could you tell me what you found regarding placement statistics, including job trade match, those who dropped out and were not placed, and some examples of the kinds of jobs these students obtained?

Mr. FISCH. The TCU training program is to train and place students in clerical jobs in the transportation industry or in other industries in such training related jobs as clerk-typist, data entry operators, or word processors. The training was performed at the time at eight selected Job Corps centers.

At that time TCU reported an 80 percent overall placement rate which includes all jobs, military enlistments, and enrollment in further training and education, a 76 job placement rate, and a 62 percent training related job placement rate. When we did our review we found an overall placement rate of only 52 percent—48 percent left without placement—a 49 percent job placement rate, and a 31 percent training related placement rate.

Why the differences? Job Corps at that time excluded from the evaluation base all students who left the program with less than 90 days in the advanced training program. Job Corps' evaluation

guidelines also count temporary employment agency jobs, temporary seasonal jobs, and part-time jobs on the same basis as full-time jobs. We excluded these jobs because they did not meet the basic Job Corps objective of permanent long-term employment in training related jobs.

Senator SIMON. If my colleague would yield here. When you say left without job placement, when Ms. Butler is here and says she is going to go on to community college that is left without job placement. She is counted as not being in a job; is that correct?

Mr. FISCH. That is true in that case. But this program is a program that Job Corps considers to be an advanced program. These students that go into this program have already completed a year in Job Corps. So we have already made the initial—basically a time in Job Corps. So when they go on to this program they should be predisposed at least to attaining the goal of employment in that industry.

Only 9 percent of the people who went through that program found a job within the industry. Some of the jobs that were found that were nontraining related jobs obtained TCU students include a sandwich maker, warehouse order filler, file clerk, food service worker, gardener, laborer, etc.

Senator KASSEBAUM. These were students who had already completed a year?

Mr. FISCH. These students had completed the initial Job Corps training, whether or not they were there a full year or not I am not sure.

Senator KASSEBAUM. What was the cost of that, per trainee, of that program?

Mr. FISCH. You have got the cost of the initial year in Job Corps, and then the cost of the 6 months additional training at TCU, which amounts to about \$33,000 to \$36,000 initial investment in that student.

Senator KASSEBAUM. Is this program still ongoing?

Mr. FISCH. As far as I know it is.

Senator KASSEBAUM. This is an example to me of a specialized program which, again you cannot quarrel with wanting to train for those skills. But that is a lot of money for something that does not have any better rate of return on the investment in that special program. Have you been able to analyze with your study what needs to be—do we need to hold someone to higher standards of criteria?

Mr. FISCH. We think there needs to be more emphasis placed on job training match. The law requires that the Secretary make every effort to place people in employment for which area that they are trained. I have heard today the people say, it does not matter as long as they get a job. That is fine too.

But take an engineering school that is graduating engineering students and only 12 percent of them get a job in the area in which they are trained. I would think that after 5 or 6 years of engineers graduating and only 12 percent of them were getting jobs, I think that school would take a step back and look to see whether or not there are changes in the curriculum, changes in the contractors, changes in whatever we need to do to get that to a higher rate.

I think that is something that—I would consider Job Corps the school and that they ought to take that look to see why that matched employment rate to the job training is not higher. And I understand that they are making some very good efforts in that area right now.

Senator SIMON. If I could just comment just briefly on the latter point that you make. This 9 percent figure you mentioned from one school is not typical of Job Corps.

Mr. FISCH. The overall Job Corps the employed match is, as of 1992, 1991, and 1990 was—in 1990 it was 13 percent, 12 percent in 1991, and 1992 was 12 percent. That has stayed fairly consistent over the years since 1987 when it was 14 percent.

Senator SIMON. But the overall in terms of people getting jobs—I think you have to balance this with what Secretary Reich mentioned in terms of crime rates, overall job placement, and other things. As he pointed out, there are a lot of people who graduated from law school who do not go into the practice of law today, and we do not close down law school because of that. This also does not count people who enter the military as I understand it.

Mr. FISCH. No, sir.

Senator SIMON. Or people who go on to school.

Mr. FISCH. No, sir. The Job Corps counts as a match placement those that return to school and enter the armed forces. This does raise their overall match rate to 26 percent.

Senator SIMON. We thank you both for your—

Senator KASSEBAUM. Mr. Chairman, I just want to make one other comment. It is my understanding that about 50 percent find their own jobs.

Mr. FISCH. That is correct.

Senator KASSEBAUM. Is that not the statistic that—

Mr. FISCH. 50 percent of those who find job, find their own jobs.

Senator KASSEBAUM. Yet placement contractors are still reimbursed, \$250 is it, for each placement?

Mr. FISCH. Job Corps has a direct and an indirect rate by which they reimburse their placement contractors. What we have found, if a student goes out and finds their own job we have found that the difference in that rate is only about \$20. In some cases it is the same. But there is a difference between some of the placement contractors. It depends on how they bid the job.

Senator SIMON. If I could just add here. I am not saying that maybe you should not change that compensation. But in terms of the 50 percent going out and getting their own jobs, part of this is because they have been given self-esteem. You heard from these three people here today. So I do not consider—

Mr. FISCH. I do not think we would argue with that at all. What we are arguing with here is that the placement contractors should not be paid the same.

Senator SIMON. I agree with that, absolutely.

Senator KASSEBAUM. That was my point.

Senator SIMON. We thank you very, very much for your testimony.

Senator KASSEBAUM. Thank you very much.

Senator SIMON. Our final panel, John Donohue who is professor at Northwestern University from the State of Illinois. I regret we

do not have a Kansas witness here today, Senator Kassebaum. Rob Hollister, professor at Swarthmore College from Pennsylvania; John Crosby, director of the Job Corps center at Clearfield, UT.

Unless the three of you have any preference, I am just going to call on you first here, Mr. Crosby, and go down the line.

STATEMENTS OF JOHN CROSBY, DIRECTOR JOB CORPS CENTER, CLEARFIELD, UT; ROB HOLLISTER, PROFESSOR, SWARTHMORE COLLEGE, SWARTHMORE, PA; AND JOHN J. DONOHUE, III, PROFESSOR NORTHWESTERN UNIVERSITY, CHICAGO, IL

Mr. CROSBY. Mr. Chairman, I have heard some stomachs rumbling here in the audience and I know there are some weary legs in the back so I will try to make my comments very brief.

Senator SIMON. We will enter your full statements in the record, and if you can make them brief we will appreciate that.

Mr. CROSBY. Mr. Chairman, Senator Kassebaum, on behalf of the 60,000-plus youth and the 14,00 staff of the Job Corps I would like to express my gratitude to you to testify before this committee. I have been with the Job Corps 23 years, and based upon the three people that you met this morning you can understand why. Sixteen of them has been as center director at five different centers in Oklahoma, Texas, Oregon, and Utah. As my mother would say, one of these days you are going to get it right.

With the present center at Clearfield, UT we have 1,350 students and they are from every State in the union, and 450 staff. Last year I am proud to say that the staff and the kids broke Clearfield into the top 20. Based on the Department of Labor criteria on placement, vocational completion, GED, high school completion, learning gains, length of stay, and in terms of overall performance Clearfield was ranked 19th in the Nation. Mr. Chairman, big centers are not supposed to do this but we did.

I should also like to add that the Weber Basin and Civilian Conservation Job Corps center in Utah was ranked second out of 111 centers in the United States. Needless to say, my colleague Roger Mullins, the center director at Weber Basin and I are extremely proud of our centers' accomplishments.

I have seen many changes in our youth over the past 23 years and I am sorry to say, sad ones. Our kids entering Job Corps are more abused, less self-assured, doing more drugs, and certainly having a tough time trying to figure out what life holds for them, if anything. On the other hand, I have seen the Job Corps increase in size, adding programs such as social skills training, computer familiarization, patenting skills, alcohol and other drug abuse education programs, and special achievement incentives. Students are actively involved in community services such as Habitat for Humanity, volunteering to maintain public areas, and caring for older citizens.

Watching all this activity you can easily come to the realization that there is nothing so wrong with these kids that the help from the Job Corps cannot fix. You are aware that we target those who cannot read well, who do poorly in math, who have problems speaking English, and just need guidance in growing up. We provide these services, like I previously mentioned, and have helped

produce lawyers and educators, bankers and judges, and business owners and many more occupational leaders.

You should also know that when I moved to Texas to direct the McKinney Center I needed to borrow some money to tied us over. I introduced myself to the bank vice president and told him what I did for a living, and before I could say anything else he said, John, you have got the money. I said, what do you mean? He said, I am a graduate of the Gary Job Corps center and Job Corps saved my life.

You should also be aware that the Job Corps is a very demanding program. Four years ago at Clearfield we initiated a no-tolerance program targeting drugs, alcohol, gang activity, shoplifting, and harassment. I held my breath thinking we would lose half our student body. I should have known better. Kids will always rise to your expectations and they came in droves to thank me for the new policy. The center ranking went from 47th in the Nation to 25th the following year. The rest is history.

There have been questions about Job Corps placement performance in 1990. I believe at that time the country was in a recession so the Job Corps placement rate was not as good as we would have liked it to be. Last year at Clearfield 77 percent of all program terminees were placed into jobs. That dramatic result is due to the concerted efforts of the UAW, Women in Community Service, State employment services, private recruitment and placement agencies, and our own placement department. We hope to even have better results this coming year.

I have heard that there are concerns by a few members whether or not competent contractors are allowed to continue to do business as usual. I can assure you that with MTC and other contractors this is not the case. I can personally testify that as a center director I have to work with my staff to meet Department of Labor performance standards. During the program year DOL makes periodic visits to conduct programs and fiscal reviews and is on the phone with me daily monitoring our performance. To make matters more interesting MTC, my employer, does the same thing. If the center and I do not perform then I am gone as a center director.

It has also been portrayed in some circles that contractors do not lose center because of performance. This is simply not true. The only RCA Service Company which I worked for originally managed 15 Job Corps centers, but performance started to slip and after the dust had settled only three high performing centers remained. RCA was then sold to General Electric which for reasons related to corporate restructuring got out of the Job Corps business.

It is very important for me to know that you know that Job Corps is not a slipshod operation. The Department of Labor representatives are some of the finest and brightest civil servants I have had the pleasure of working with during my tenure with Job Corps. I will put the Job Corps record of fiscal integrity of 99 percent-plus against any Federal program. I can say the same thing about dedicated staff at the 111 centers nationwide. That is why many staff have stayed with the Job Corps for the past 30 years.

Those involved with the Job Corps have heard statements, Job Corps costs too much. I say, relative to what? It was reported that

the governor of Virginia requested \$1 billion for new prison construction in that State alone, and you have all heard about the \$1 billion price tag for the Stealth bomber.

Something is very wrong here. Job Corps is a 30-year proven program with measurable results serving most of 100,000 of America's most severely disadvantaged youth. \$1 billion to save them is worth every dollar.

Senators, when you hear about drugs and crime and dropouts, cultural clashes and the hopelessness of today's youth, remember Job Corps helps these young people overcome these obstacles. And when you hear that today's youth cannot read, do math, get along with others, lack discipline, do not know how to be good parents, remember Job Corps nurtures them to achieve. When you listen to graduates such as you did today and alumni who are self-assured and proud of their lives because of Job Corps influence, remember that there are more than 1 million others who have similar positive stories.

Thank you for this opportunity. I am very proud to represent this wonderful program called Job Corps and the truly important young people associated with it.

Senator SIMON. Thank you for your statement and your contribution.

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

Senator SIMON. Professor Hollister?

Mr. HOLLISTER. Thank you for giving me the chance to talk to the committee about the Job Corps. I am a professor at a small college up in Pennsylvania, so maybe a couple remarks related to some of the things that came up here. Having to do with match rates, for example, I would hate to be judged on our match rates from the economics major into relevant jobs in the year following. I have just been looking at it. A lot of them go on to become lawyers, and I am not sure that that is into productive employment as well. [Laughter.]

In addition it was said, someone mentioned that the \$23,000 did not relate very well to tuition charged at universities. But you may have noticed there was a story in the New York Times about Swarthmore College just a few months ago that noted that even though Swarthmore's tuition and room and board is \$25,000 a year, the actual cost is \$50,000 a year. So when we are relating the Job Corps cost to the costs of university tuitions we want to remember we ought to get in there not just the tuition cost but the actual full cost that goes into an academic year in an institution like that.

Really why I have been asked to come here is that in the past 30 years I have spent a good deal of my working career trying to work on the question of what works for whom in anti-poverty programs. I was chief of research and plans in the Office of Economic Opportunity in 1966 and 1967 and I saw the Job Corps get underway and the first evaluations attempted at that time. 1975 to 1979 I was a principal investigator for the National Supported Work Experiment demonstration which was an employment program for ex-addicts, ex-offenders, women on welfare, and high school dropouts.

Perhaps most relevant, in 1984-1985 I was chairman of the National Academy of Sciences committee that reviewed all youth employment programs and tried to assess their effectiveness.

Let me just give you my overall conclusions that I spell out in somewhat more detail in the statement. In simple summary right at the outset, I believe the best information we have at this time—and it has been cited already many times this morning—is that the Job Corps is an effective program which provides social benefits which substantially exceed the social costs of the program. I know of no hard evidence that would lead one to conclude Job Corps should be reduced in scope because it is ineffective from the point of view of either the participants of the program or society as a whole.

We ought to consider Job Corps not just alone but in relationship to alternative programs. Job Corps might be quite effective, but it may be less effective than some alternatives. Unfortunately, there is now abundant, high quality evidence on several alternative approaches to youth employment and training and they fail to show consistent evidence of effectiveness for most of these programs. There simply really are no strong competitors with the Job Corps on the grounds of effectiveness in helping disadvantaged youth with their employment problems.

While there is only positive evidence regarding Job Corps effectiveness, as has already been mentioned that evidence is now 10 to 15 years old. But fortunately there is currently underway a major national evaluation of the Job Corps which will provide the highest quality evidence ever gathered regarding the program's effectiveness. There will be random assignment of person's eligible for the program to a control group or to the program. Both groups will be followed—to pick up on Senator Kassebaum's point, both groups will be followed for a period of three to 4 years to see what happens in their work experience.

Until this evidence is in, the best evidence we have unfortunately is just the evidence from the 1982 evaluation. I think that should be the basis upon which people make decisions at this time. However, I am willing to speculate that the new evaluation will perhaps show Job Corps to be more effective, although I am sure people could speculate in other directions.

My main reason for believing that is that the situation in the inner-city has gotten considerably worse since the last 1970s when these data were gathered. There has been a dramatic rise in arrest rates and in incarceration rates. If the Job Corps experience in the past in the evaluation of 1982 were held up today I believe it would show that there were much lower rates of arrest during the program period and lower rates of arrest for serious crimes in the follow-up period.

If those same kind of conditions hold at the present time then the benefits will be even greater because the rates of arrest in the cities from which these kids are coming have gotten so much higher. And has been mentioned time and again already this morning, the cost of incarceration associated with that are very, very high.

So just quickly, to remember that in the 1982 evaluation the main points that it raised, the Job Corps was shown to raise the

employment rates and to raise earnings compared to the comparison group of similar youth, educational attainment increased, the overall health of the Job Corps participants was better, criminal activity was lower.

Now one other point that is relevant to some of the points made so far, in that study after the initial 6 months of the postprogram period the enrollees from Job Corps did worse than the comparison group. It was only after 6 months that the benefits began to emerge. So that the early placement rates are not only measured in a very short period but they are measured, in a sense, too soon based by the past record. So I think as we now see it it is better to think about the long-term outcomes and not to judge the programs simply on what happens a few weeks to a couple of months after exit from the program.

As I mentioned, I think that compared to other programs Job Corps has to look very good. Unfortunately, the landscape in youth employment programs is very, very bleak indeed. We had the JTPA evaluation which showed the JTPA program to be ineffective for youth. We have a program called the Summer Training and Employment Program, which was an attempt to remediate during the summer months for declining academic performance of students combined with a summer job. Unfortunately, though they could stem the tide in the short run, a year or two later there was no difference between those who had been in the program and those who had not.

The JOBSTART program was an attempt to address I think one of the critical issues with respect to the Job Corps. That is, is the residential element really necessary? Because it is the residential element that is responsible for a lot of its cost. JOBSTART, which was designed and run by the Manpower Demonstration Research Corporation in 13 cities across the country attempted to mimic the Job Corps curriculum for the most part, used a lot of the elements of the Job Corps, had job placement the same way, GED training, and so forth.

Unfortunately—this again was a random assignment study so that there was a comparison group that were strictly comparable. Overall the results were very disappointing. There were no gains in earnings. There was a small but statistically significant effect on the probability of arrests while the participants were enrolled in the program, but over the full 4 years there was no difference in arrest rates.

There was one site, however, that was very successful. It is called the Center for Employment and Training in San Jose and you have undoubtedly heard about its performance before. There the participants earned \$3,000 more per year than the controls in the third and fourth year after random assignment, a 40 percent increase in earnings. So that program that one site was successful. And it was not only successful with youth, but another study in the minority female single parent program showed it was successful with minority female single parents as well. But since it was only one site that was successful we do not know what it was about that site that made it more successful.

The new evaluation for the Job Corps I think is going to provide rich information that will allow you to say not only is the Job

Corps effective overall but is it more effective for certain groups of the population than for other groups, and which components seem to be most effective? And overall, is there a favorable benefit-cost ratio for this?

Remembering the changing context of urban poverty makes this program potentially much more important as the Secretary I think eloquently outlined earlier today. The decline in real earnings for high school dropouts is just enormous. I think this is the most important social problem of our country at the present time: increasing inequality in earnings.

It was mentioned the inspector general was not counting temporary jobs in job placements. The trend has been for very big increases in the proportion of jobs in the economy that are temporary jobs. The largest single employer in the economy today is Manpower, Inc., a temporary job organization.

But most seriously I think are the rate of arrest and incarceration, and the Secretary again mentioned this. It is estimated that at least 25 percent of young black men aged 25 to 34 with less than 12 years of education are incarcerated at the present time, and that a much larger percentage are under the control of the criminal justice system or supposed to be under control of the criminal justice system through probation and parole.

So if the Job Corps does again prove to provide benefits simply during the period when they are in the program, we are taking them out of that environment where crime can look attractive to the very low paying job alternatives that are available when there are any jobs at all, then I think in itself it will prove to be worth the high cost of Job Corps.

Thanks very much.

Senator SIMON. Thank you.

Professor Donohue?

Mr. DONOHUE. Thank you, Senator Simon and Senator Kassebaum for letting me speak today. I will submit my written comments and just speak briefly.

Senator SIMON. They will be entered in the record.

Mr. DONOHUE. I have gotten into the issue of the Job Corps and the reason why I was asked to come here today by virtue of work I have been doing in the area of strategies to reduce crime. And of course, the Job Corps is one program that one considers, along with many others, in terms of what its impact would be on crime reduction. There are, as Professor Hollister I think has correctly indicated, there have been many jobs programs that have attempted both to improve earnings as well as to have some impact on crime and the Job Corps does stand out in unusual relief against the rather bleak experience of so many other programs.

In the course of my work though I did notice one thing about the 1982 report which I think is, on the whole a very good report and the type of report that one really needs to get a good sense of the value of a program of this nature, that in some respects it looked as though they may have exaggerated some of the benefits of crime reduction. I do not think it was intentional, but let me just give you briefly a hint of what seems to be the problem to me.

If you look at the evaluation, and it has been mentioned before that the 1982 study by Mathematica suggested that for every dollar

invested in the Job Corps there was a return of \$1.46. It turns out that a very significant proportion of these benefits come by virtue of the monetized value of crime reduction. In fact, of the 46 cents of net gain that one gets from the Job Corps, 30 cents out of that 46 comes from the putative reduction in the murders committed by those who enter the Job Corps program.

So if it great if that is in fact true that you are getting a high return in reduction of murders, and it is obviously very significant to the overall cost-benefit assessment. But as I looked through the report it seemed to me that those numbers were overstated for the following reason.

If you extrapolate from the figures that are presented in the report it would suggest a reduction in the rate of murders on the order of magnitude of about 300 per 100,000 people going through the Job Corps. That just seemed like an enormously high reduction in the rate of murders when you consider that probably the highest category, class of individuals is perhaps adolescent black males and their rate of murder would be 70 per 100,000. So the thought that the Job Corps was reducing by 300 per 100,000 the rate of murder seemed high to me.

To sort of buttress that intuition is the fact that in the report submitted by Mathematica they indicate that the reduction in murders, as I indicate, is about 300 per 100,000 while the reduction in assaults is only 100 per 100,000. And there are about 60 times as many assaults in the United States as there are murders. Therefore it seems unlikely you would be getting a reduction in murder that was three times as great as the reduction in the number of assaults.

So the bottom line of this is that one of the single biggest benefits of the Job Corps came in the area of reduction in murders and that number is probably overstated to my mind. Although it does not turn around the net benefit assessment I think there is reason for at least some caution in using that larger figure of \$1.46.

Let me just say one other thing about that. Obviously cost-benefit analysis is an art and not necessarily a perfect science. There might be one offsetting factor that cuts the other way. I gave one reason to think they might have overstated the value of crime reduction. But they were using a figure of \$300,000 as the value of a saved life from an avoided murder. That seemed a little low to me compared to other studies that are used along these lines.

Let me just make one other comment that was not in my remarks but I wanted to sort of buttress, or at least suggest to you, Senator Simon, that I shared your intuitions about the lack of wisdom in just looking at a national figure in assessing the value of the various Job Corps centers. It seems almost incontestable that certain centers will have significantly more disadvantaged populations, and it might be the case that a 25 percent success rate would be actually very good compared to what might have happened had you not had that program at all compared to in another area with perhaps less severely disadvantaged.

What you want to look at is the incremental gain that the Job Corps provides. That's why studies such as the Mathematica report that compare a control with the Job Corps really allows you to get a handle on the incremental advantage.

Just looking at the actual success rate is not particularly good, and I think the inspector general said that a certain percentage of people who came through the Job Corps showed no advantage. He said \$100 million of taxpayers' money was spent for no advantage. But if you apply that same standard to prisons, for example, everyone would say that probably a third of people in prison would not be committing crimes if they were out—you just do not know which third it is—and that would be \$10 billion a year if you were to apply the inspector general's standard to imprisonment.

I will stop now. If you have any questions I would be happy to address them.

Senator SIMON. I thank all three of you.

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

Senator SIMON. First of all, I had not heard that 300 murder figure before, but I think your criticism is valid. At the same time, when you look at the population served and you look at our prisons—of those in our prisons today 82 percent are high school dropouts. Interestingly, in 1970 82 percent of the people in prison were high school dropouts. It is a constant there. And what Job Corps does is to, like the young lady who testified here Ms. Butler who got that GED, and Mr. Garza also got that GED, we are reducing it.

The second thing that is interesting in our prisons today is a majority of those in our prisons today were unemployed when they were arrested. So that as we provide jobs for people you reduce the crime rate.

Both Professor Hollister and Professor Donohue, you talked about the 1982 study. This was a comprehensive study that was made then, and are we in the process of another comprehensive study? Either one of you can answer.

Mr. HOLLISTER. That is right. In 1982 they attempted to get a representative sample of the Job Corps. They could not do that completely. Then they created a comparison group by trying to find similar individuals who came to the employment centers but either did not then apply to the Job Corps or were not admitted to the Job Corps, and they used that comparison group.

The new study will involve at least 20,000 applicants to the Job Corps. It will be carefully drawn to really be representative nationally. It is really, the plans now I think are really quite imaginative to do this. It is a very difficult logistical job to actually capture the flow. If you think of 110 centers being served and the flow of participants through there. And getting them to agree to actually do the random assignment is a difficult task.

But it does give you a much better comparison group. This is really going to be quite a high quality study that, I think even better quality than the national JTPA study, that will really give you an answer. We do not really know what the answer is going to be. It could come out—as I mention in my testimony, the job market has gotten a lot worse. It is conceivable that for whatever the good the Job Corps it has gotten so hard for high school dropout kids, even with a GED, to get a job coming out it may be that the Job Corps cannot perform as well now as it did in 1982. We will not know that until we actually have the results.

Senator SIMON. You mentioned also whether residential living accommodations are put of it. My intuition is that is really essential in the Job Corps.

The other point, you mentioned the cost of going to Swarthmore of \$25,000. For those people going to the Job Corps the alternative is not Swarthmore at \$25,000, the alternative is prison at \$25,000 a year. And the Job Corps presents I think a much better alternative.

Mr. Crosby, when you are running this Job Corps center in Utah or wherever you are running it, does someone from the Department of Labor come by to see how you are doing? How are they monitoring what you are doing?

Mr. CROSBY. Absolutely. Senator, usually the visits are about one every 3 months. Then there is an extensive review of the center, all its performance, not only programmatic but also the fiscal aspect of the program. Like I mentioned in my testimony, our company is the same way but it is on a daily basis. I have contact with the project manager representing DOL on a daily basis also.

So they tightly monitor the performance of the center and I can attribute part of our success to their monitoring because, again, they are another set of eyes that look at our operation and say, John, why don't you try this, maybe back off from that; you are doing well there, continue on. So it is an ongoing process and it works out quite well.

Senator SIMON. Senator Kassebaum.

Senator KASSEBAUM. Mr. Chairman, I am not sure that—I do not disagree with you when you say the alternative is prison. We have gotten a long way from the original guidelines for Job Corps which stated that—because I was curious when we were talking about how many murders there could have been committed if they had not been part of Job Corps. I do not know how you begin to know that.

But the criteria for those being taken into Job Corps was initially, after careful screening to have the present capabilities and aspirations needed to complete and secure the full benefits of the Job Corps and be free of medical and behavioral problems so serious that the individual could not adjust to the standards of conduct. Now there are some pilot programs that are being undertaken that have expanded that part to include those who are substance abusers and have been involved in the criminal justice system as was mentioned earlier. But that was not the original criteria of Job Corps, if I am correct.

So I think it is a bit of a leap to sort of talk about how many murders may have been prevented because someone was in Job Corps. Wouldn't the three of you agree?

Mr. CROSBY. Senator, let me try to answer this. When the study was done back in the 1970s and 1980s America was a different country then.

Senator KASSEBAUM. Of course.

Mr. CROSBY. We have so many kids that come up to me and say, Mr. Crosby, thank God that I am able to come here, because if I did not come here I would be dead. That is how bad it has gotten in our cities. Job Corps is a safe harbor. It is a safe harbor for them to get it together. So the murder statistics that we are talking

about, these kids will not become part of it or they will not go back and do it because they have a way out.

Senator KASSEBAUM. So in your program in Utah do you have some participants who have been convicted of a felony?

Mr. CROSBY. Very few that I know of. It is not that they have been convicted of—

Senator KASSEBAUM. But they have been in the criminal justice system at some point?

Mr. CROSBY. No, they have come out of that environment. I am sure that many of them have been picked up for whatever reason, because that is the environment they are from; that is the lifestyle they know. But the fact is that they have come to the Job Corps, they want a new lease on life. They want to live longer than the average life expectancy of a black man in Washington, DC of 22 years old. They want that way out, and Job Corps is that safe harbor.

Senator KASSEBAUM. I understand that. But if they have had a police record I assume you would know it.

Mr. CROSBY. Yes, we get that information.

Senator KASSEBAUM. Do you get referrals from, say juvenile court to the Job Corps?

Mr. CROSBY. Yes, we do.

Senator KASSEBAUM. So you do have people enrolled—

Mr. CROSBY. It is an alternative. It is not a directive, it is an alternative. You have an alternative to do this, that, or the Job Corps. And many students say, hey, I better get my life together and the Job Corps is that ticket that I can do it.

Senator KASSEBAUM. I am not criticizing that necessarily, but I think again if we are going to measure criteria and we are trying to bring to it some degree of understanding we need to make sure that some of the policy guidelines perhaps are changed to match what is occurring. I think we do not really have a good idea of exactly how many places are being filled because of alternative court orders.

Mr. CROSBY. Senator, I agree with you 100 percent and I wish we could do that. But unfortunately, the poor have a much greater chance of being arrested than say middle class or upper middle class, so they will have to carry that record with them.

Senator KASSEBAUM. But that is not my point. My point is we need to understand better who is being served today than perhaps the initial law and the guidance of the law stated.

Mr. CROSBY. That is a good suggestion.

Senator KASSEBAUM. Because it seems to me there is a mismatch to a certain extent in understanding where the larger population is that is enrolled in Job Corps today. Because in some ways, from what I am hearing from some of the statements it sounds more like a boot camp type program. I do not think that was what was intended initially for Job Corps. It is not a criticism. Again, I think it is trying to evaluate it in ways that can help us meet the needs that are out there today.

Mr. DONOHUE. Senator, can I just address the methodological concern. You suggested, how can you really tell what would have happened if you were not in the Job Corps? That was the value of

the Mathematica report because they attempted to look at two populations: those who came into the Job Corps and a matched sample who did not get the benefits of the Job Corps. At least in design what they were trying to say is, this is how many murders were committed in this group who did not have the Job Corps. This is how many murders were committed in the group that did have the Job Corps. Therefore, we can say that the Job Corps explains the differential.

I am just not certain that they got the numbers right. It seemed too high a number. But at least that was the methodology. I would think in the next report they will be sensitive to this, and there is reason to think it will be an even better study. I do not want to be too critical because I think in terms of evaluations the 1982 study was a very fine piece of work. But it is very easy to make mistakes and it just looked like it might have been exaggerated.

Senator KASSEBAUM. Mr. Hollister, I would like to ask you because you have followed this for a long time. In raising the question earlier, I feel that 20 hours is far too little time to track job placement. How do you think we could improve that aspect of it?

I find as I look at a number of job training programs, and I think Senator Simon would agree with this, that what is very sad is when we talk about matches between training and placement we are not doing a very good job of being realistic about what jobs are out there. It does a disservice again, I think, if we are not realistic about where the jobs are and where young people can move to. It seems to me that becomes a very important part of designing a program that works.

Mr. HOLLISTER. Yes, I think you are absolutely right. It is a complicated problem to know about—to carry out the follow-up for a long period of time. I think maybe we are getting to a point where our records systems are getting better so we can do that on a better basis for a longer period of time using existing records, for at least the legitimate parts of the jobs.

But again to emphasize this, Professor Donohue did, I think you want to come back and emphasize the issue. Once you have got that record, what are you going to say about—what is a good performance and what is a bad performance? Because it has got to be compared to what would have happened in the absence of it. The problem with now in auditing the follow-ups, even if they were for longer periods of time, you do not have anything really to compare it to.

So it may be that when you get out of the bigger evaluation study you can derive a way of better proxying what the alternatives might have been. But you want to be a little bit more careful, I think, as in the discussion earlier saying these centers are performing poorly. I would take a lot of caution in judging that from these placement and follow-up rates when it is just the participants in the program that you have got to judge it by. You have got to have some kind of comparison thing.

So I am definitely for further follow-up. I think this is true not only for the Job Corps and other training programs, but for the education system. Most of us educators do not have any idea what happened to our graduates and we should be following up just for own management information sake to understand better.

I think your point about ties to what is out there in the economy is very important as well. Again, if we looked at the San Jose program, one of the important things of that program is it read the local labor market very carefully and it closed down particular types of training when the market dried up in those things, and it opened up other ones. That is a hard task, I think, for the Job Corps centers to really do at the same level, but I think they might be able to move more in that direction.

Senator KASSEBAUM. Thank you.

Senator SIMON. We thank you. We thank all of our witnesses. The Job Corps has asked to keep the record open for 2 weeks. Our hearing stands adjourned.

[The appendix follows.]

APPENDIX

PREPARED STATEMENT OF ROBERT B. REICH

Good morning, Mr. Chairman and Members of the Committee. I am pleased to have the opportunity to join you today to discuss the Job Corps, which is one of the jewels in the crown of our work force investment system. The Job Corps succeeds at a difficult and urgent task—building the skills and improving the workplace prospects of severely disadvantaged young Americans. If the Job Corps did not exist, we would have to invent it, and that mission of invention would be among the Administration's highest priorities. But fortunately, the Job Corps already exists, and boasts a resounding record of success. So our mission is to preserve it, expand it, and further improve it.

While the economic picture is bright for the average American worker—in the past year, the economy has added over three million new jobs—the condition of the disadvantaged has sharply deteriorated over the last 20 years. The fundamental fault line running through today's work force is based on education and skills. If you have the skills that come with a college degree, an associate degree, an apprenticeship certificate, training provided by an employer, or other education beyond high school, you'll probably find a good job and earn a good wage. But if you don't have the skills, you're more likely to be without a job or stuck in a job that goes nowhere.

While the economy is creating large numbers of good new jobs, the prospects for people without skills or with the wrong skills are becoming grimmer and grimmer. Real hourly pay of recent male high school graduates was 20 percent below that of their counterparts 20 years earlier, and the decline in pay for young high school dropouts was even greater.

Increasing numbers of disadvantaged young men and women are idle—they are not in school, not working, and not looking for work. Roughly 50 percent of out-of-school American youth ages 16 to 24 who do not have high school degrees do not have jobs. The proportion of young black high school dropouts who are currently unemployed exceeds 70 percent; the proportion of Hispanic youth in this situation is about 50 percent. The extent to which young men are in trouble with the law also has increased dramatically. One-half of all black male high school dropouts under 25 and three-fourths of those aged 25 through 34 are under supervision of the criminal justice system.

Many of these youth are at risk of becoming permanently lost to the legitimate economy; persistent youth unemployment is a grimly accurate predictor of subsequent adult unemployment and poverty. It is not so much that unemployment itself permanently scars a youth, but that the same underlying factors that contribute to a young high school dropout being unemployed at age 17 lead to her or his being unemployed at 25 or 30.

If we address those underlying problems—low educational achievement, lack of job skills, social isolation—when the youth is just 17 years old, we have the greatest chance to prevent the tragic waste of a lifelong mismatch with the mainstream economy. This is precisely what the Job Corps does.

At any one time, Job Corps serves over 40,000 young women and men ages 16-24, all of whom are economically disadvantaged. Seventy percent are minorities; 80% are high school dropouts; over 40% come from families on public assistance; and only 29% have ever been employed full time. Many lived in neighborhoods

plagued by high rates of unemployment, crime, welfare, illiteracy, and substance abuse.

These young women and men receive a wide variety of services while in the program, ranging from academic and vocational training; medical and dental examinations and treatment; AIDS Testing and education; counseling; training in intergroup living, computers, world of work and parenting skills; and placement assistance. Job Corps is an expensive program, costing over \$22,000 per slot. But costs are only part of the picture. Benefits are the other half of the equation, and the Job Corps' benefits to society more than amply counterbalance its costs. Job Corps' holistic approach results in services to a group of extremely needy youth, for whom Job Corps may be the only viable alternative to the streets, to welfare, to crime, and to lifelong unemployment. In one way or another, all of these alternatives are more costly than the Job Corps.

Ultimately, each of us must take individual responsibility for pursuing work force education or training opportunities. But we must ensure that the most vulnerable young women and men in our society also have those opportunities, and that Job Corps is able to continue to address their needs.

It has been the policy of the Job Corps program to enroll the most disadvantaged young people—to deliberately take on the hard cases. For instance, the program has initiated pilot projects for substance abusers, for those involved in the criminal justice system, for the homeless, and for the mentally retarded.

Even though it takes on the toughest tasks, the program has a remarkable rate of success. About seven of every 10 young people who leave Job Corps find jobs or go on to full-time schooling.

The Department of Labor is responsible for a wide number of employment and training programs, and we are examining each of them to see what works and what improvements need to be made. We are committed to investing in what works and fixing or discontinuing what doesn't. No program, however noble its intentions, is exempt from the need to deliver. To determine whether Job Corps is a worthwhile investment, we need to assess its benefits to its participants, and benefits to society as a whole.

According to an independent evaluation of Job Corps completed in 1982, the program provided a \$1.46 return to society on every dollar invested. This study, conducted by Mathematica Policy Research and using rigorous research methodology, documented that students who had participated in Job Corps earned more income, paid more taxes, were less dependent on welfare and food stamps, achieved higher education levels, and were less involved in serious crime than youth from similar backgrounds who did not participate. To provide us with more current information, we launched a new multiyear evaluation of Job Corps this year.

There is no way to predict precise findings of the new evaluation. But we do know that in terms of student accomplishments and immediate outcomes, annual results have been consistent or better since the 1982 study. Based on the evidence, we believe Job Corps works and we are committed to expanding Job Corps—and thus to make the Job Corps experience available to more young people.

President Clinton's investment strategy announced last year included a slow but steady expansion of Job Corps by 50 centers and a 50 percent enrollment increase. Eight new centers were initiated in 1994, the first installment in the expansion. Almost 70 communities submitted proposals, vying to be a site for one of the 8 new centers.

The President's FY 1995 budget request continued the expansion by requesting funding for 6 additional centers, and Congress has just responded by appropriating funds for 4 additional centers.

Currently, Job Corps has a network of 111 centers, at least one in all but four states nationwide. Thirty of these centers are operated by the Departments of the Interior and Agriculture. The other 81, with few exceptions, are operated by contractors selected on the basis of competitive procurements.

These center operators range from companies like Teledyne and Vinnell companies, which have large Defense operations, to Management Training Corporation, which is Job Corps' largest contractor and whose primary function is Job Corps training; to Tuskegee University in Alabama. Job Corps also depends on strong union involvement to run selected vocational training programs. Indeed, Job Corps training is provided through a long-standing and effective partnership of federal, private sector, nonprofit, and union organizations. Good contractor performance on key performance indicators is a condition for continuation of the competitive center contracts. For instance, in the last 2 years, 20 contracts have been terminated prior to the end of their maximum 5-year duration. Most of these termination decisions were made on the basis of unfavorable performance assessments.

The Job Corps program has been the subject of some criticism this past summer, based in large part on judgments about findings from audits and analyses conducted by the Department of Labor's Office of the Inspector General (OIG).

The audits of the Job Corps by the OIG have been extremely useful in pointing out opportunities for improving program design and management. Job Corps undertook significant improvements in response to these earlier OIG audit reports, and other improvements and changes are underway in response to more recent audit reports.

While the OIG audits have been helpful in pointing out areas for improvements, they make no attempt to determine the return on investment or impact of the program. Unlike audits, impact analyses directly measure the bottom-line effect of a program—how much the program actually benefits its participants over the long run. Do those who participate in the program find employment more easily than they would have if they had not participated? Are their earnings higher? Do other positive outcomes result from the services they have received—higher educational achievement, less welfare dependency, less participation in crime? On net, do the total positive impacts resulting from the program outweigh the costs? This is the metric by which we must judge any public program.

To take a private sector analogy, impact analysis looks at the bottom-line profit created by a program and asks whether this is acceptable, while audits look at the details of how the program is run and ask whether these details match, for example, the documentation requirements of the audit.

The questions asked by impact analyses are different than asking graduates of a training program whether they have done well or badly in their first jobs, which is the kind of question that audits tend to ask. Graduates who do well still may be no better off than they might have been without the program. Similarly, even if some Job Corps graduates do poorly, more might have failed without the program's intervention. This is especially true given the fact that Job Corps participants are drawn from among the most disadvantaged youth in our society.

The Department does not believe that audits such as the OIG's reports are the appropriate tools for determining the overall impact of Job Corps, although as I indicated earlier, they can be useful in improving the management of a program. Nor is internal Job Corps management information sufficient to determine the overall impact. And when auditors try to forecast program impacts based on such incomplete information sources, they are forced to make assumptions that can lead to unverifiable conclusions about overall costs and benefits.

For example, the OIG criticizes the Job Corps for a high rate of placements in jobs that are different from the type of training received. But since the Job Corps is an educational program as well as a training program, this criticism is not valid. Higher educational and skill levels generally benefit workers.

If an engineering student at a community college were to be placed in an entry-level management job, we would not automatically conclude that the community college degree she had received was not a worthwhile investment because her job was not in engineering. The benefits of education include increases in reasoning skills and abilities, and these skills and abilities may well have helped her get her job.

The same is true of the training and education Job Corps students receive. To determine the bottom-line impact of the Corps, we must look at the total picture of how well all participants did compared with a control group of individuals who did not participate.

Furthermore, the OIG audits do not take into account any benefits of the program other than educational attainment and placement. While we believe the program is effective in these two areas, it also provides important benefits to its students with respect to vocational skills attainment, work readiness skills, and medical and health services. These additional factors will be assessed as part of the impact evaluation.

The OIG also criticizes the Job Corps' dropout rate, which is 30 percent in the first 90 days of the program. We do not consider this rate unreasonable or out of line with typical dropout rates for high schools and post-secondary institutions. Moreover, it must be taken into account that Job Corps serves severely disadvantaged young people who are often away from their homes and communities for the first time and are placed in a demanding, highly structured environment. To assess whether the Job Corps is a wise expenditure of public funds, it is not enough to simply point out that many Job Corps students drop out. We must go further and determine the program's bottom-line impact—something that the OIG audit-based analysis simply cannot do. The only way to avoid any failures is to refuse to attempt hard things. The Job Corps' whole rationale is taking on the hardest tasks of work force investment. Given that mission, its rate of success is remarkable.

In sum, based on the 1982 evaluation and the fact that on average, performance measures have been stable or improving since that time, it is our belief that Job Corps' overall impact is quite positive. Indeed, there are very few government programs for which better evidence of cost-effectiveness exists. The audits performed by the OIG—although they raise important issues, many of which we are in the process of addressing—provide no evidence which supports a different conclusion. Job Corps, like all other programs, is not perfect and can be improved—but the bottom line is that it works.

Because the Job Corps appears to be providing an overall social benefit, an expansion of the program promises even greater gains for society and greater assistance to the many disadvantaged youth not currently served by the program. In the course of this expansion, we intend to continue working closely with OIG in addressing any management problems that exist in the program. But just because Job Corps is not perfect doesn't mean that we shouldn't invest more in a demonstrably cost-effective solution to one of this nation's most pressing problems.

We are bombarded daily with statistics about the high level of unemployment among America's youth, about teen parents, about violence in the streets, about school dropouts—all magnified when applied in the context of the minority community. The youth affected by high rates of unemployment, teen pregnancy and criminal activity, and low levels of education represent an enormous cost to society.

Some of these costs can be borne in the short run by the cost of the Job Corps program—or they can be borne in the long run by the direct costs of incarceration, welfare, and joblessness. The best evidence available indicates the Job Corps works.

The Administration is strongly committed to the Job Corps—to making it better wherever we can, and to extending its benefits as far as we can.

Mr. Chairman, this concludes my prepared statement. At this time I would be pleased to answer any questions that you or other Members of the Committee may have.

SUMMARY OF OIG ISSUES

1. STUDENTS ARE NOT BEING PLACED IN JOBS FOR WHICH THEY WERE TRAINED

Job corps Comment: Job placements that match vocational training represent only one of several different short-term indicators of student success. In regard to immediate outcomes for students, the major Job Corps objective is placement into a job or placement into further, full-time education, which is achieved for almost 7 of every 10 students.

2. LACK OF PERFORMANCE STANDARDS IN CRITICAL AREAS: EMPLOYMENT MATCHED PLACEMENTS, CLASSROOM ATTENDANCE, RETENTION IN JOBS, NO PLACEMENT STANDARDS FOR STUDENTS WITH LESS THAN 180 DAYS

Statement is misleading and out of date. Job Corps has a comprehensive performance measurement system which focuses primarily on immediate program outcomes and attempts to influence center managers and staff to focus on services and practices that will yield long-lasting, positive outcomes for individual students. Standards pertain to measurable advances in reading and math skills, attainment of GEDs, vocational training completion rates, and retention standards, as well as placement standards, including job training match placements. These standards include all students. Job Corps is pilot testing a methodology to obtain post placement data from students.

3. CONSISTENTLY POOR PERFORMING CENTERS ARE NOT IMPROVED OR CLOSED

This is a serious misrepresentation of actual practice. Job Corps has strong and effective management systems that reveal poor center performance in a timely manner and which respond aggressively to implement corrective action. In fact, for the 81 contract centers, performance is an integral part of the Job Corps procurement process and affects decisions on contract award and option year decisions. Of the 16 contract centers on the OIG's 1990 list of 20 poorest performing centers, 50% have changed contractor.

4. CENTERS WILL BE OPENED WHILE MANY EXISTING CENTERS NEED TO BE REPLACED OR ARE IN NEED OF MAJOR RENOVATION

Recent DOI budget submissions and appropriations have made adequate provision for the facility related needs of existing Job Corps centers while also providing resources to expand program capacity by opening new Job Corps centers. Upgrading

structural conditions at existing centers and increasing training opportunities for disadvantaged youth are not mutually exclusive initiatives.

5. \$100 MILLION SPENT ON STUDENTS WITH NO MEASURABLE BENEFITS

This is a distortion of statistics to cast Job Corps in the worst possible light—the context of this statement is an OIG report which stated that “85% of the investment resulted in participants receiving measurable results.” By any standard, this represents a highly productive investment in members of a highly challenging target group. The OIG ascribes the “no measurable benefits” mainly back to students who drop out early. The OIG also acknowledges that there are numerous non-measurable benefits available to Job Corps students.

6. COST EFFECTIVENESS OF THE PROGRAM—DO THE HIGH NUMBER OF NOT-MATCHED PLACEMENTS AND STUDENTS WITH NO MEASURABLE BENEFITS WARRANT SUCH EXPENSIVE TRAINING?

Yes, based on the overall record of Job Corps performance and cost effectiveness. It has been well documented that Job Corps represents a high return investment in the Nation's disadvantaged young people. The OIG appears to focus on the relatively small fraction of students who do not achieve positive outcomes, but disregards the great majority of students who find employment or enter higher education, increase their skills in math and reading, obtain their GEDs, complete their vocational training, and learn to live with others successfully.

7. PERFORMANCE MEASURES ARE NOT LINKED BETWEEN THE SCREENER, CENTER, PLACEMENT CONTRACTORS

Statement is based on outdated information. Current measures include appropriate linkages between the centers and placement contractors, and development of performance measures for screening contractors is currently underway.

8. UNION CONTRACTORS ARE PAID FOR ADVANCED CAREER TRAINING AT ADDITIONAL COSTS, WITH NO SIGNIFICANT IMPROVEMENT IN PLACEMENT RATES

Statement is based on an audit report of a contract with the Transportation and Communications Workers Union (TCU). The advanced training delivered by TCU and other labor organizations does tend to be more costly on a per-student basis than regular vocational offering primarily due to the higher compensation received the advanced training union instructors. Nonetheless, at an exit conference in June, Job Corps unsuccessfully cautioned the OIG their methodology and conclusion were flawed. (For example, 271 of the students counted as nonplacements were still enrolled in Job Corps at the time.) The TCU placement rate, job training match rate, and the average wage at placement are all higher than the national average.

9. SOME UNION EXECUTIVES ARE PAID UNUSUALLY HIGH COMPENSATION

Statement is erroneous and was later corrected by the OIG. There are no OIG reports that review compensation of executives employed under Job Corps skills training contracts with national level labor organizations

10. PLACEMENT CONTRACTORS ARE PAID FOR PLACING STUDENTS EVEN WHEN THE STUDENTS FIND THEIR OWN JOBS

Statement is incomplete. Placement contractors are reimbursed on a unit cost basis, with rates structured to cover a wide range of services, including job development, gathering information from former students, contacts with employers for placement verification, documentation of placement results and report submission.

11. INSUFFICIENT DOCUMENTATION OF ELIGIBILITY FOR PARTICIPATION IN THE PROGRAM

Statement is misleading. When the OIG findings in this area were first issued in 1987, Job Corps promptly responded by revising its paperwork procedures and internal control processes. The data shown in the OIG briefing material shows differences in data between 1987 and 1992, showing that Job Corps management actions led to sharp reductions in the imperfections contained in application folders. In fact, the OIG indicates “There were very few ineligibles found in the sample tested. The errors . . . for the most part, are due to lack of sufficient documentation rather than ineligible participants.

JOB CORPS ACTIONS IN RESPONSE TO OIG CONCERNS

1990 AND SUBSEQUENT OIG REPORTS

1. Job Corps has significantly enhanced its performance measurement system (PMS):
 - introduced vocational completion measure in center PMS in PY 91
 - introduced PMS for placement contractors in PY 92 including:
 - all terminee placement rate
 - job training match placement rate for vocational completers
 - average wage at placement
 - revised center PMS system for PY 94 to link with placement contractor PMS by adding:
 - all terminee placement rate
 - average wage at placement
 - job training match placement rate for vocational completers
 - established performance targets in center PMS at 75th percentile for PY 94
 - revised vocational benchmarking system for PY 94 to link with center PMS by expanding instructor accountability to students who are in Job Corps 60+ days
2. Job Corps has significantly enhanced its focus on student outcomes by introducing an incentive based allowance payment system. Without changing total allowance costs, the system provides bonuses to students who:
 - pass their GED tests
 - complete their vocational training
 - obtain jobs or enroll in full time education
 - obtain training related jobs
3. Job Corps has taken several programmatic and administrative steps to address OIG concerns:
 - revised student eligibility documentation requirements (NOTE: OIG did NOT find ineligible students)
 - revised the student leave and accountability system
 - introduced vocational competency testing
4. Job Corps is currently:
 - pilot testing post placement follow-up after the 13th week
 - further strengthening the use of past performance as a criterion in contracting decisions
 - undertaking a serious policy debate on screening criteria
 - working with the cognizant audit agencies to negotiate limits (\$125,000) on top corporate executive salaries charged to the indirect cost pool

PREPARED STATEMENT OF ANNA STREET

Good morning. My name is Anna Street and I am proud to be here today to tell you how Job Corps changed my life. I grew up in a single-parent home with six brothers and one sister. My mother could not afford to send me to college, business school, or vocational training after I graduated from high school in 1967 when Job Corps was new. In those days, there weren't many opportunities for a 17-year-old young woman.

At that time there was a lot of chaos . . . riots, violence in the streets . . . an old story that sadly is all too familiar still today.

The toughest decision I ever made was to leave my "safety net" of home to get out of poverty. At that time, my world was fraught with expectation of defeat. I was afraid. I had low-self-esteem. When I entered Job Corps trained in business/clerical. I graduated from Job Corps at the top of my class. My first job was as a stenographer for S, P & F Railroad in Oregon. I was proud to be the first member of my family to enroll in college. Job Corps helped me learn, try and succeed. In August 1993 I received a bachelor's degree in management and business communication. So, you see, the desire for excellence and skills that Job Corps taught me is still with me. Job Corps helped me answer the questions: Who am I? What can I do well?

Job Corps gave me so much more than a skill. I found wonderful people in Job Corps—people committed to helping young people like me find the way. They

pushed me to be the best I could be without pushing me out the door. I learned that I was okay. Job Corps made me believe in myself.

That caring atmosphere led me to what I do today. As Director of Partners In Vocational Opportunity Training, or PIVOT every day we help welfare mothers succeed through a unique partnership between Job Corps and the Public Schools of Portland, Oregon.

Do you want to know what's missing in the lives of today's kids? It's high self-esteem, morals, a value system and a work ethic. When you come from a disadvantaged background, you do not automatically learn those things. So many of us take that for granted. That's why I get angry when someone says "Job Corps is a waste of money." Someone, thankfully, took an interest in me. Saving one life at a time is important. We're always looking for the big victory, rather than a series of victories which lead to success. If there is a part that is broke—let's fix it but not abolish it. There are lives at stake. Where would I, or the 1.6 million others who owe a lot to Job Corps be, if we were considered a waste?

Sure, there are some kids who give up. But I think this is a caring country. We don't give up on cancer research because 40 percent of cancer patients die. Our hope is that one day we will find a cure. We don't give up on the 75% of kids who don't complete college in four years. We hope that they'll find their way in life, too. We can't give up on Job Corps kids because 30 percent of kids drop out, either. We can't give up on Job Corps or the great kids it serves because we still have hope for them.

What we can do is take pride in the 62,000 success stories demonstrated by the kids who work hard in Job Corps every year.

That's why the Job Corps 50-50 Plan is important. The 50-50 Plan is a long-term initiative to build 50 new Job Corps centers over the next 10 years to serve 50 percent more kids. It addresses two separate but vital issues. It empowers kids today: The 50-50 Plan proposes to enrich and enhance existing Job Corps services. It is designed to serve the kids of tomorrow: The 50-50 Plan proposes more centers, better facilities, sturdy and new buildings.

I know that the future is bright for Job Corps. Someday, I want to be a youth ambassador, travel the nation and the world and tell them all about Job Corps. Until then, I will keep trying to give young people what Job Corps gave me. Because without Job Corps, we are going to lose a lot of young lives. We are going to keep on losing the war against gangs, weapons in schools, teen violence and poverty. Job Corps is more than just a job training and education program. It's a shining ray of hope for 62,000 young people each year. Yet six million young people in this country are at risk. That's a lot of potentially lost lives. We are losing them every day. I could have been one of them.

Let me leave you with a thought. Civil rights leader Whitney Young, Jr., said: "IT is better to be prepared for an opportunity and not have one . . . than to have an opportunity and not be prepared." Job Corps prepared us for our futures.

Thank you.

U.S. SENATE,
WASHINGTON, DC, 20510-3702,
October 4, 1994.

Hon. EDWARD KENNEDY,
Chairman,
Committee on Labor and Human Resources,
428 Dirksen Senate Office Bldg.,
Washington, DC, 20510.

DEAR CHAIRMAN KENNEDY AND MEMBERS OF THE COMMITTEE: It is with honor and pleasure that I submit to the Committee this letter of introduction of my constituent, Ms. Anna Street. Ms. Street is a perfect example of what Job Corps means to our Nation.

Ms. Street's resume is a testament to the positive effect Job Corps can have on one's life. Following her 1967 graduation from high school, she wasted no time enrolling in the Tongue Point Job Corps center in Astoria, Oregon. As a Job Corps student, Anna was a standout. Her ability to learn quickly and her warm interpersonal skills soon made her a model, and she was named "Corpswoman of the Month" twice for her superior performance. Anna made the most of the opportunity presented by Job Corps, completing the business and clerical training program in only nine months. She was immediately employed as a PRX operator and typing instructor.

Not satisfied to stop with her Job Corps training, she eventually proceeded to enroll to study psychology at Portland State University. Her outstanding abilities were recognized by Portland City Commissioner Charles Jordon, for whom she became a policy advisor. By the time she left Portland city government, she had ten years of

high-level management experience. Currently, she is pursuing another degree, in management and communications, at Concordia College.

Fortunately for Oregon, her outstanding professional success was not Anna's final goal. She had a dream of starting her own Job Corps center for young women. She founded Partners in Vocational Opportunity Training (PIVOT), to teach young, single mothers on welfare how to achieve independence and success for themselves and their children. PIVOT enjoys the bipartisan support of numerous public officials and has received awards for its effectiveness.

Members of the Labor Committee are indeed fortunate to have this opportunity to witness the success of Anna Street, an outstanding Oregonian of whom we are justifiably proud. Thank you for making her welcome.

Cordially,

BOB PACKWOOD.

PREPARED STATEMENT OF TAMIKA BUTLER

My name is Tamika Butler. I am a student at the Pittsburgh Job Corps center. I am proud to have the opportunity to tell you about myself and Job Corps.

Before Job Corps, I lived with my family in Philadelphia. When I was growing up, I used to get teased and taunted by the other kids in the neighborhood for being slow and not very strong. When I was eleven, the doctors told me I had cerebral palsy. I felt bad about myself and lost any confidence I had. When I was twelve, I moved in with my grandma. She was the best influence I ever had. She made me proud of myself and gave me motivation to succeed. Unfortunately, she died when I was 15. From that day on, I took upon the responsibilities of taking care of the household.

When I was in 11th grade, my brother became increasingly involved in drugs. He kept getting high on crack and acting weird. I spent more and more time watching out for his strange behavior and babysitting his 2½ year old daughter.

It became harder and harder to go to school. I'd wake up in the morning, get ready for school and then realize that the house was empty, except for me and my brother's little girl. I couldn't just leave her alone, I had to take care of her until someone came home.

Pretty soon, I just gave up and quit high school. I spent the next year filling out job applications and tried to get my GED. I got nowhere because my family life was just too difficult.

One day, a friend of mine who had graduated from Job Corps told me about it. She said that Job Corps helped her get what she wanted—a good education, job training, and the ability to get a job.

I knew I was going nowhere at home—way too many distractions. I was not succeeding in achieving any of my goals. I needed to get away from Philadelphia, more importantly I needed to get away from my home. I needed to focus on myself for the first time in years.

In June 1993, I entered the Pittsburgh Job Corps Center. Let me tell you, it wasn't easy—in fact it was tough. But it made me realize that I needed to work hard in order to get what I needed to be successful.

Let me tell you, nothing in Job Corps is handed to you. You have to be mature in all decisions you make at Job Corps. The only way to be successful is to put your whole self into the program.

Job Corps has been a great help to me and given me a whole new set of great friends. I have made many friends at the center, and I have lost many friends too. Many have graduated and others I've lost because they were unwilling to abide by the rules. They expected that they could get away with the same dumb things in Job Corps that they were getting away with at home. Job Corps doesn't work like that.

What Job Corps does, however, is gives you a sense of safety—no violence. It gives you time to study, to learn a trade, to play sports, to make friends, to find yourself and discover your strengths. Through Job Corps, I have developed a strong self esteem and have become much more sure of myself. I received my GED, I completed my health occupations trade, I received Coca Cola's and Black Entertainment Television (BET's) national "Personal Best" award, and most importantly, in January I will become the first person ever in my family to attend college.

I plan on attending Allegheny Community College to obtain a degree in Physical Therapy. I want to become a physical therapist and work at a children's hospital helping out children with disabilities. I want to give something back from what I received from others. This never would have happened if I had stayed at home in Philadelphia.

When I call my family in Philadelphia, they are very proud of me. I am a changed person.

They always say, "Tamika, we knew you could do it, you just didn't believe in yourself."

You know what, I believe in myself because of Job Corps. I know I will succeed. I know I will become a physical therapist. I know I will be able to help children with disabilities, like mine, because of my determination to overcome obstacles, my belief in God, and the skills and confidence I gained in Job Corps.

PREPARED STATEMENT OF JOHN O. CROSBY

Mr. Chairman and Members of the Committee:

On behalf of the 60,000+ youth and 14,000 staff of Job Corps, I would like to express my gratitude to you to testify before this committee.

I have been with the Job Corps for 23 years, 16 of them as a center director at 5 different centers in Oklahoma, Texas, Oregon and Utah. With the present center in Clearfield, Utah, we have 1,350 students from many states and 450 staff. Last year, I am proud to say that the staff and kids broke Clearfield into the top 20. Based on Department of Labor criteria in placement, vocational completion, GED/high school completion, learning gains, length of stay and in terms of overall performance, Clearfield was ranked 19th in the nation. Big centers are not supposed to do that, but we did. I should also add that the Weber Basin Civilian Conservation Job Corps Center in Utah was ranked second out of 111 centers. Needless to say, my colleague, Roger Mullins the center director at Weber Basin, and I are extremely proud of our center's accomplishments.

I have seen many changes in our youth over the past 23 years and I am sorry to say, sad ones. Our kids entering Job Corps are more abused, less self-assured, doing more drugs and certainly having a tougher time trying to figure out what life holds for them, if anything. On the other hand, I've seen Job Corps increase in size, adding programs such as social skills training, computer familiarization, parenting skills, alcohol and other drugs of abuse education programs, and special achievement incentives. Students are actively involved in community services such as Habitat for Humanity, volunteering to maintain public areas and caring for our older citizens. Watching all this activity you can easily come to the realization that there is nothing so wrong with these kids that help from the Job Corps can't fix.

You are aware that we target those who can't read well, who do poorly in math, who have problems speaking English and just need guidance in growing up. We provide these services like I previously mentioned and have helped produce lawyers, educators, bankers, judges, business owners and more. You should know that when I moved to Texas to direct the McKinney Center, I needed to borrow some money to tide us over. I introduced myself to the bank vice president and told him what I did for a living. He said I could have the money because he got his start at the Gary Job Corps Center and told me how Job Corps saved his life.

You should also be aware that Job Corps is a very demanding program. Four years ago at Clearfield, we initiated a no-tolerance program targeting drugs, alcohol, gang activities, shoplifting and harassment. I held my breath thinking we could lose half of the student body. I should have known better. Kids will always rise to your expectations and they came in droves to thank me for the new policy. The center's ranking went from 47th to 25th the following year. The rest is history.

There have been questions about Job Corps placement performance in 1990. believe at that time the country was in a recession and so the Job Corps placement rate wasn't as good as we would have liked it to be. Last year at Clearfield 77% of all program trainees were placed into jobs. That dramatic result is due to the concerted efforts of the UAW, Women in Community Service, State Employment Services, private recruitment and placement agencies and our own placement department. We hope to have even greater results this year.

I've heard that there are concerns by a few members whether or not less competent contractors are allowed to continue to do business as usual. I can assure you that with MTC and other contractors this is not the case. I can personally testify that as a center director, I have to work with my staff to meet Department of Labor performance standards. During the program year, DOL makes periodic visits to conduct program and fiscal reviews and is on the phone with me daily monitoring our performance. To make matters more interesting, MTC, my employer, does the same thing. If the center and I don't perform—then I'm gone.

It has also been portrayed in some circles that contractors don't lose centers because of performance. This is simply not true. The old RCA Service Company which I worked for originally managed 15 Job Cons centers, but performance started to slip and after the dust settled only 3 high performing centers remained. RCA was

then sold to General Electric, which for reasons related to corporate restructuring, got out of the Job Corps business.

It is very important for me to know that you know Job Corps is not a slipshod operation. The Department of Labor representatives are some of the finest and brightest civil servants I have had the pleasure of working with during my tenure with Job Corps. I'll put the Job Corps record of fiscal integrity of 99% plus up against any Federal program. I can say the same about the dedicated staff at the 111 centers nationwide. That's why many staff have stayed with Job Corps for 30 years.

Those involved with Job Corps have heard the statement, "Job Corps costs too much." I ask, "Relative to what?" It was reported that the Governor of Virginia requested \$1 billion for new prison construction in that state alone. You have all heard about the \$1 billion pricetag for the B-1 bomber. Something is very wrong here. Job Corps is a 30 year proven program with measurable results serving almost 100,000 of America's most severely disadvantaged youth. \$1 billion to save them is worth every dollar.

PREPARED STATEMENT OF CHARLES C. MASTEN

Good Morning, Mr. Chairman and Members of the Committee. Thank you for inviting me to testify in my capacity as the Inspector General of the U.S. Department of Labor. I am pleased to appear before you today to discuss our audit work concerning the Job Corps Program and our recommendations of ways the program can be improved.

From the outset, I would like to emphasize that any views expressed today are mine as Inspector General and may not be the official position of the U.S. Department of Labor. I am accompanied this morning by Mr. Joseph Fisch, Assistant Inspector General for Audit.

BACKGROUND

The Job Corps Program was created in 1964. The program is intended to serve as a critical turning point in the lives of severely disadvantaged young men and women. The purpose of the program is to provide these youths with education, vocational training, work experience, and counseling to help them become responsible, employable, and productive citizens. This important mission, coupled with the fact that Job Corps costs exceed \$1 billion a year, makes ensuring its success vitally important.

The Department of Labor, through its Employment and Training Administration (ETA), administers the program. There are currently over 100 Job Corps Centers around the country with approximately 60,000 students terminating from the program each year.

Mr. Chairman, the OIG has always believed that the Job Corps Program plays a pivotal role in the Nation's plan to enhance the economic earning power of America's youth. In its 30-year history, the program has enjoyed a great deal of success. However, as is always the case for programs of this size and magnitude, there is room for improvement.

OIG AUDIT WORK

In the last 5 years, the OIG has conducted approximately 275 audits of this program including center financial and compliance audits, Federal program financial statement audits, program results audits, and indirect cost audits. These audits have been conducted pursuant to Federal statutory requirements and in order to provide those administering the program with information on the program's management and operations.

These reports identified weaknesses in internal controls over Job Corps eligibility and screening, placement, and student allowance systems, among others; and made recommendations on needed improvements. In most cases, management has addressed our recommendations and taken necessary corrective action.

In addition, since 1987, the OIG has also issued 4 comprehensive cost analysis reports on the performance of the Job Corps Program. The purpose of these reports was not to criticize the program, but rather to provide ETA with an additional management tool in evaluating and maximizing its effectiveness. As a result, these reports did not contain specific recommendations just information on the status of various performance indicators.

These cost analysis reports are based on Job Corps' own performance data for each individual center. Our process has been to audit and array Job Corps' data to measure performance of various components of the program. The reports identified

areas that we believe need to be reviewed and addressed by the ETA. The most recent of these reports was issued by the OIG in 1991 for Program Year Ended (PYE) 1990. It is important to note that the program results for that year were consistent with program results for Program Years Ended 1987 through 1989. For PYE 1990, the OIG reported that:

1) There were no measurable gains for 115 (13,112/63,550) of the students that terminated from the program that year. In other words, despite the fact that these students' average length of stay for PYE 1990 was 151 days, they were not placed in a job, did not return to school or enter the armed forces, did not show any learning gains, or did not attain their GED. Therefore, for PYE 1990, over \$100 million in taxpayer dollars were invested in students that did not attain any measurable gains.

2) The placement status of 1/4 (15,923/63,550) of the total Job Corps participants that terminated from the program was unknown. This was true even though Congress intended that student tracking take place and such tracking is required by Job Corps policy.

3) Only 13% (8,513/63,550) of the students obtained jobs for which they were trained. This is an important factor since, Section 432(b) of Public Law 97-300 states that: "The Secretary . . . shall make every effort to place (enrollees) in jobs in the vocation for which they are trained or assist them in attaining further training or education."

4) Centers that consistently performed below the national average continued to operate with no significant improvement. We believe this finding is most important and I will discuss it in greater depth in a few moments.

It is important to note that these performance statistics for the Job Corps Program represent an average of the individual statistics for each of the 103 Job Corps Centers in operation nationwide as of June 30, 1990.

Currently, my office is conducting another comprehensive audit of the program, this time through Program Years Ended June 30, 1991 and June 30, 1992, the latest period for which information is available for audit. These reports will be issued in final early next year. Our preliminary audit findings for PYE 1992 indicate that program performance remains relatively the same as previously reported.¹

Centers Performing Below the National Average

Mr. Chairman, one of the most important areas that we have identified in our audits as requiring management attention has been the relatively low performance of some centers. Using Job Corps' own data, the OIG has reviewed the individual performance records of Job Corps Centers nationwide since 1987 and, based on several performance indicators, has ranked the centers accordingly. OIG audits have consistently shown that the performance of a number of Job Corps Centers remains relatively constant from year to year. The OIG has found that while a significant number of centers enjoy sustained performance above the national average in all or most of the performance indicators, there are centers that consistently perform below the national averages. This is true despite Job Corps' existing performance measurement system.

The OIG has found that, for the most part, the bottom ranked centers place fewer students upon termination, assist fewer students in obtaining their GED or in achieving learning gains, have fewer students who complete their vocational training, and have higher rates of students whose status is unknown.²

Mr. Chairman, it concerns me that there are such wide variances between those centers that perform above the national average and those centers that perform below. These variances include ranges of: 2% to 36% for students with no measurable gains; 5% to 44% for students whose placement status is unknown; 4% to 28% for job training match; 10% to 92% for students obtaining their GED; 39% to 87% for placements upon termination.

The OIG is of the opinion that every student entering the Job Corps Program should have the same opportunity to succeed. As I stated earlier, the program is intended to be a turning point in the lives of these disadvantaged youths. It troubles me that a student's chance to succeed may depend on which center he or she is sent to.

Mr. Chairman, as you are aware, each Job Corps center requires the continual investment of millions and millions of dollars per year, beyond the initial capital investment, to remain in operation. While the OIG does not believe that centers should automatically be closed due to poor performance, this is one of the available

¹ See Appendix 1 for comparative output results and center rankings for Program Years Ended June 30, 1987-92.

² See Appendix 2 for specific Job Corps Center statistics.

options, along with relocation, that should be considered if other management actions fail to produce the desired results. The OIG believes that, at some point, the Employment and Training Administration needs to decide whether it is appropriate to continue to fund those centers that perform below the national average and that are not meeting program objectives, or whether these funds would be better invested elsewhere.

OIG RECOMMENDATIONS

Therefore, Mr. Chairman, the OIG is of the opinion that the overall performance of the Job Corps Program can be significantly improved if Job Corps makes it a priority to:

1) Assess the national averages for the various performance indicators, to determine if individual center performance represents an adequate level of accomplishment; and

2) Institute measures to ensure that centers performing below the national average show significant improvement (i.e., by overhauling the center's curriculum and increasing center oversight). As a last resort, Job Corps may need to consider relocating or closing those centers that do not show significant improvement.

The OIG also believes that overall improvements are needed in the Job Corps Program with respect to: 1) establishing performance standards for employed matched placements covering all students leaving Job Corps, job retention, measurable gains, and post-program tracking of students; 2) improving existing facilities to make them more conducive to learning; and 3) improving student screening to ensure that those entering Jobs Corps demonstrate capabilities and aspirations needed to complete and secure the full benefits of the program, as mandated by the law.

Mr. Chairman, in keeping with the intent of the National Performance Review, we believe addressing these areas would be an appropriate start toward enhancing program performance and, in our opinion, should be considered before a decision is made by the Department to continue to recommend expansion of the Job Corps Program. To do otherwise means that we simply will be continuing to spend already scarce resources funding the less effective centers, further diluting the needed oversight and management of the program, and failing to ensure that every student entering Job Corps has an equal opportunity to succeed.

CONCLUSION

In conclusion Mr. Chairman, I do believe it is appropriate to focus on the success of the Job Corps Program. However, since no program is perfect, I also believe it is equally appropriate to focus on those areas that need improvement. The OIG looks forward to continuing to work with the Department and the Congress to ensure the success of this vital program. This concludes my prepared statement. Mr. Fisch and I would be pleased to answer any questions you or the other members of the committee may have.

**JOB CORPS
COMPARATIVE OUTPUT RESULTS
PROGRAM YEARS ENDED JUNE 30, 1992 - 1987**

Output Category	1992		1991		1990		1989		1988		1987	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
Employed Matched	12%	12%	13%	13%	16%	17%	17%	17%	17%	16%	14%	14%
Returned to School	13%	12%	13%	11%	14%	14%	14%	14%	14%	13%	10%	10%
Employed Armed Forces	1%	1%	1%	1%	1%	2%	2%	2%	2%	1%	2%	2%
Employed Matched	26%	25%	27%	28%	31%	33%	33%	33%	33%	30%	26%	26%
Employed Not Matched	26%	25%	30%	30%	33%	33%	33%	33%	33%	35%	31%	31%
Employed Unknown	5%	4%	5%	10%	6%	6%	6%	6%	6%	NA	NA	NA
Total Placed	57%	57%	65%	68%	70%	72%	72%	72%	72%	65%	57%	57%
Not Placed	21%	17%	13%	32%	15%	15%	15%	15%	15%	18%	43%	43%
Subtotal - Known Results	38%	34%	78%	100%	85%	87%	87%	87%	87%	83%	100%	100%
Subtotal - Unknown	22%	26%	2%	NA	1%	13%	13%	13%	13%	17%	NA	NA
Total Output	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Total Unemployed	62%	66%	34%	31%	34%	34%	34%	34%	34%	35%	43%	43%

64

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JOB CORPS PROGRAM
FIVE YEAR OVERALL CENTER RANKINGS

Center	PYE 88	PYE 89	PYE 90	PYE 91	PYE 92	FIVE YEAR RANKING
E. Paso, TX	1	1	1	1	1	1
Tucson, AZ	2	2	3	1	6	2
Weber Basin, UT	20	4	4	3	4	3
Sierra Nevada, NV	25	10	2	2	4	4
Angels, OR	11	10	11	7	1	5
Tongue Point, OK	12	13	14	10	4	6
San Diego, CA	23	19	6	7	3	7
Marsing, ID	12	28	6	7	1	8
Pine Ridge, NE	9	13	7	10	2	9
Cascades, WA	3	14	29	8	10	10
Sacramento, CA	7	7	2	19	24	11
Curlew, WA	25	17	10	14	10	12
San Jose, CA	4	21	2	17	23	13
Anaconda, MT	30	6	18	21	19	14
Inland Empire, CA	20	11	14	3	17	15
Trapper Creek, MT	3	25	23	21	21	16
Hawaii (HI)	25	17	3	31	28	17
Penobscot, ME	33	32	28	11	17	18
Columbia Basin, WA	9	30	4	1	21	19
Los Angeles, CA	10	23	2	1	30	20
Phoenix, AZ	19	37	19	17	2	21
Northlands, VT	29	43	3	1	19	22
Wolf Creek, OK	50	3	10	30	3	23
Greenmont, NY	37	38	19	19	37	24
Sareveport, LA	21	3	10	31	71	25
Timber Lake, OK	7	31	40	40	39	26
Treasure Lake, CA	19	21	23	40	31	27
Miami, FL	31	17	30	27	32	28
Kicking Horse,	30	32	19	2	44	29
H H Humphrey, MN	22	18	50	39	2	30
Cass, AR	28	28	2	33	37	30
Laredo, TX	60	43	37	11	13	32
Denison, IA	50	43	2	2	18	33
Backwell, WI	10	21	3	5	40	34
Fort Simco, WA	16	50	3	37	30	35
Colbran, CO	48	49	4	28	13	36
Ironton, NY	19	1	37	40	72	37
Albuquerque, NM	14	21	1	13	3	38
Cristal Springs, MS	39	37	41	2	49	39
Mingo, MO	50	49	3	37	27	40
Tulsa, OK	19	79	30	4	40	41
Clearfield, UT	50	68	52	4	40	42
Pittsburgh, PA	47	68	41	47	44	42
Roswell, NM	42	47	52	8	13	44
Guthrie, OK	39	38	32	69	51	45
Excelsior Springs, MO	45	57	44	55	65	46
South Bronx, NY	33	80	3	52	5	47
Carl D Perkins, KY	51	23	8	1	17	48
Delaware Valley, NY	48	71	40	48	3	48
Charleston, WV	60	51	50	49	60	49

JOB CORPS PROGRAM
FIVE YEAR OVERALL CENTER RANKINGS

Center	PYE 88	PYE 89	PYE 90	PYE 91	PYE 92	FIVE YEAR RANKING
St. Louis, MO	58	72	53	52	48	51
Garv, TX	60	62	58	56	41	52
Red Rock, PA	61	55	61	50	60	53
Edison, NJ	41	45	64	61	83	54
Concord, IL	71	61	51	59	52	55
McKinney, TX	55	57	61	63	75	56
Keystone, PA	51	51	65	32	35	57
Ouachita, AR	51	72	40	92	63	58
Boxelder, SD	72	78	48	60	63	59
Seneca, NC	69	53	51	89	63	60
Kittrell, NC	51	49	61	89	75	61
Atterbury, IN	72	56	64	71	63	62
Lyndon Jonnvo., NC	51	72	24	71	81	63
Concord, NY	61	82	40	52	71	64
Atlanta, GA	31	63	57	73	51	65
New Orleans, LA	51	71	61	61	40	66
Cassady, NY	92	67	51	61	63	67
Pine Knot, KY	41	43	51	57	100	68
Jacksonville, FL	81	45	53	51	53	69
Detroit, MI	51	100	71	51	40	70
Gainsville, FL	51	71	71	43	51	71
Cincinnati, OH	51	72	71	63	64	72
Outport, MS	41	71	51	71	81	73
Frenchburg, KY	71	21	71	57	96	74
Talking Leaves, OK	61	72	71	71	51	75
Blue Ridge, VA	61	51	51	51	89	76
Hatwoods, VA	61	71	71	51	71	77
Jacobs Creek, TN	71	51	51	71	81	78
Knowlton, TN	61	56	61	92	60	79
Earle C. Clements, KY	71	40	61	92	92	80
Old Dominion, VA	71	51	71	57	74	81
Tuskegee, AL	71	61	71	96	92	82
Brunswick, GA	51	61	51	77	90	83
Fogmac, DC	61	91	61	71	84	84
Westover, MA	51	51	51	92	55	85
Oconomitoc, NC	92	51	61	79	88	86
Lansberg, NC	51	51	61	90	100	87
Loyton, OH	51	61	61	95	86	88
Little Rock, AR	90	51	51	71	72	89
Joliet, IL	91	81	71	60	92	90
Whitney Young, KY	50	100	71	71	100	91
Woodstock, MD	59	78	86	87	90	92
Granton, MA	91	91	98	91	68	93
Harpers Ferry, WV	51	91	53	90	81	94
Cleveland, OH	51	90	72	100	57	95
Woodland, MD	72	100	71	81	72	96
Fayetteville, MS	100	91	71	100	90	97
Orama Rapid, MI	50	51	51	71	92	98
Turner, GA	51	91	100	100	51	99
Great Oaks, FY	92	91	71	100	100	100

*JOB CORPS PROGRAM
PERFORMANCE INDICATORS FOR SELECTED CENTERS
PROGRAM YEAR ENDED JUNE 30, 1990*

Center Ranking	Avg Length of Stay %	Ranking	Total Placed %	Ranking	Employed Matched %	Ranking	Attained GED %	Ranking	No Measurable Benefits %	Ranking
1	397	2	79.1%	8	26.3%	3	72.1%	6	1.9%	1
3	266	10	80.1%	6	23.8%	7	77.7%	4	7.0%	3
6	258	9	79.1%	8	20.9%	16	65.9%	12	7.5%	4
7	254	15	76.2%	13	27.5%	1	65.8%	13	11.6%	17
10	441	1	73.3%	21	26.7%	2	40.4%	50	8.9%	8
National Average	206		61.7%		13.4%		38.3%		20.6%	
101	177	96	60.6%	69	8.4%	91	72.9%	84	29.2%	93
95	154	93	64.9%	91	13.7%	53	74.1%	91	32.9%	98
103	163	94	49.1%	69	5.2%	101	59.6%	53	30.4%	96
100	186	77	45.5%	90	10.6%	74	77.6%	87	35.9%	100
102	177	67	47.7%	94	11.7%	69	11.7%	101	34.6%	100

67

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PREPARED STATEMENT OF MIGUEL GARZA

- GOOD MORNING. MY NAME IS MIGUEL GARZA. ORIGINALLY FROM BROWNSVILLE, TEXAS I AM NOW A STUDENT AT THE RED ROCK JOB CORPS CENTER IN LOPEZ, PENNSYLVANIA. WHILE I AM EXCITED ABOUT BEING GIVEN THIS OPPORTUNITY TO ADDRESS SUCH A DISTINGUISHED AUDIENCE I AM ALSO PUZZLED. WHY HAVE I BEEN ASKED TO SPEAK? THERE ARE OTHERS WITH FAR MORE GRIPPING STORIES THAN MINE. OTHERS WHO CAN SPEAK OF HOW JOB CORPS TURNED THEIR LIVES AWAY FROM CRIME, VIOLENCE OR DRUGS AND INTO SOMETHING MEANINGFUL AND PRODUCTIVE. BUT ME, I WAS JUST ORDINARY. FACING MANY OF THE SAME PROBLEMS YOUTH ALL OVER THIS NATION OF OURS FACE EACH DAY.

- AS AN HISPANIC YOUTH I GREW UP BELIEVING MYSELF TO BE LESS THAN IDEAL. LOOKED AT AND POINTED TO BY THOSE WHO DIDN'T UNDERSTAND ME EVEN AS I DIDN'T UNDERSTAND THEM. WHILE I BELIEVED I FOUND A REFUGE BY STAYING WITHIN MYSELF. IN FACT I DEVELOPED THE CHARACTERISTICS OF LOW SELF-ESTEEM AND SELF-WORTH SO COMMON TO MANY YOUNG MEN AND WOMEN OF TODAY. WITH LIMITED ACADEMIC AND FAMILY SUPPORT AND YOUTHFUL DREAMS OF MARRIAGE AND FAMILY I CHANGED SCHOOLS TO BE CLOSER TO MY GIRL FRIEND.

- I MAY WELL HAVE BEEN DESTINED TO THE LIFE I HAD CHOSEN WERE IT NOT FOR WHAT CAME TO BE ONE OF THE MOST SIGNIFICANT EVENTS OF MY LIFE THE PASSING AWAY OF MY FATHER. WHEN HE DIED I FELT I HAD DIED TOO AND MY WORLD COMPLETELY FELL APART. FOR SOME TIME I WANDERED AIMLESSLY AND WITHOUT DRIVE OR AMBITION. ULTIMATELY DROPPING OUT OF SCHOOL

- MY MOTHER, SEARCHING TO RESCUE ME FROM THIS SELFMADE HELL. ARRANGED FOR ME TO LIVE WITH MY SISTER AND HER FAMILY IN MARYLAND. IT WOULD HAVE WORKED IF I COULD HAVE LEFT MY MIND IN TEXAS BUT IT SEEMED TO BE FOLLOWING ME WHEREVER I WENT. AND SO IN MARYLAND TOO I FOUND MYSELF LOST AND CONFUSED, WITHOUT PURPOSE OR DIRECTION.

- THEN ONE DAY I HAPPENED TO SEE A PENNY-SAVER AD THAT CLAIMED THROUGH SOMETHING CALLED JOB CORPS I COULD CHANGE MY LIFE AND CHANGE WAS SOMETHING I DESPERATELY NEEDED.

- SOON AFTER ENTERING JOB CORPS I BEGAN MY TRAINING IN AUTOMOTIVE REPAIR. I HAD ONLY BEEN IN THE PROGRAM ABOUT A MONTH WHEN I TESTED FOR AND PASSED THE REQUIREMENTS FOR MY GED. WHILE I SAW NOTHING SPECIAL ABOUT MY TEST RESULTS OTHERS DID AS THEY COMPARED MY SCORE OF 323 AGAINST THE REQUIRED 225 NEEDED TO PASS.

- WITH AN INCREDIBLY STRONG JOB CORPS SUPPORT SYSTEM BEHIND ME I WAS NUDGED AND PUSHED UNTIL I HAD GAINED THE CONFIDENCE I NEEDED TO NOT ONLY COMPLETE MY CURRENT STEP OFF PHASE IN AUTOMOTIVE REPAIR BUT TO BEGIN MAJORING IN BUSINESS MANAGEMENT AT LUZERNE COUNTY COLLEGE I AM PROUD TO SAY THAT FOLLOWING THREE SEMESTERS OF FULL TIME, FULL COURSE LOAD STUDY I AM CURRENTLY CARRYING A 3.25 GPA.

- AS I MOVE FORWARD TO A BRIGHT FUTURE I CAN'T HELP BUT LOOK BACK AT WHAT WAS A BLEAK PAST AND REALIZE JUST HOW SPECIAL I ALWAYS WAS. I JUST DIDN'T KNOW IT. IT TOOK A PROGRAM LIKE JOB CORPS TO OPEN MY EYES AND TO MAKE ME SEE THE VASTNESS OF MY POTENTIAL AND THE GREATNESS OF MY SELFWORTH.

- IN CLOSING I CAN'T HELP BUT THINK OF THE MANY OTHER YOUNG MEN AND WOMEN WHO ARE STRUGGLING TO FIND THEMSELVES. I WONDER IF WHEN IT IS THEIR MOMENT FOR CHANGE THERE WILL STILL BE A PROGRAM CALLED JOB CORPS? WILL IT STILL HAVE ITS DOORS OPEN TO PEOPLE LIKE THE YOUNG MEN AND WOMAN YOU SEE BEFORE YOU TODAY OR WILL THEY BE TURNED BACK AND TURNED AWAY BECAUSE THERE IS NO MORE ROOM? I HOPE NOT. I THANK GOD THAT WHEN MY EYES WERE OPENED THERE WAS STILL ONE PLACE LEFT. BUT WHAT ABOUT TOMORROW? WHAT ABOUT MY FRIENDS?
THANK YOU

PREPARED STATEMENT OF JOHN J. DONOHUE, III

I would like to thank Senator Simon and Senator Kassebaum for allowing me to share some views on the Job Corps with the Senate Labor Committee. I am a Professor of Law and an economist, and I have been working extensively lately on the topic of rational policies of crime control. In the course of this work, I have examined issues such as the effect of hiring more police officers and increased incarceration, as well as the crime-reduction benefits associated with certain social programs. It is in this context that I have come to examine aspects of the Job Corps and its evaluation by Mathematica.

As you are of course aware, a vast array of governmental or quasi-governmental programs have tried to boost the labor market performance of young adults.¹ These include Job Search Assistance, the Summer Training and Education Program, the Job Training Partnership Act, and so on.² Unfortunately, the available evidence, much of which is quite rigorous, suggests that these programs have little or no effect on earnings,³ employment,⁴ teen pregnancy,⁵ or participation in welfare.⁶ Since the programs were not specifically designed to reduce criminal behavior, and since they had little or no effect on the variables they were designed to influence, it seems unlikely that they would have a substantial effect on crime.⁷

The most promising jobs program -- the Job Corps -- should thus be viewed against the backdrop of a series of largely unsuccessful labor market interventions by the federal government, alone or in partnership with private contractors. Although there is evidence that the Job Corps does indeed reduce criminal behavior, its performance stands out sharply from that of other programs designed to accomplish similar ends.

The Job Corps is a residential, 6-7 month program, mostly for high school dropouts. Participants are 70% male and 60% black; only 14 percent read at above an 8th grade level.⁸ While participants are economically disadvantaged and presumably have a high potential for criminality, the program does not accept applicants with serious behavioral problems, so hard-core delinquents are excluded. Corpsmembers are taught vocational skills (secretarial, auto repair, etc.); they are also provided with substantial remedial education.

The Job Corps has been subjected to a series of careful economic evaluations,⁹ based on a matched sample design, with econometric controls for observed and unobserved heterogeneity. The results of these cost-benefit calculations suggest that the program generates \$1.46 in social benefits (including crime-reduction) for each dollar in social costs.¹⁰ The program had a cost per enrollee of about \$12,100 in 1993 dollars. According to the Final Report issued by Mathematica in 1982, the benefits consisted of reductions in murders, reductions in other crimes, and gains in output by participants in the program; properly discounted, these benefits totaled \$17,600 per enrollee.¹¹

Understanding the Job Corps' effects on crime is not entirely straightforward, even given the massive amount of information in the Final Report. Table 1 presents the Final Report's estimate of the per capita annual reduction in certain crimes attributable to participation in the Job Corps. These numbers are all statistically significant,¹² but it is difficult to get a sense of their magnitude, especially since the report does not present the actual number of arrests for either the control or experimental group.

On its face, the Job Corps looks like a very attractive program: the estimated return on the Job Corps is much higher than that for most social programs, and it appears to generate some significant reductions in criminal conduct not only during the period of residential living but in the subsequent four-year period as well. However, there are some reasons for caution. First, recent reports by the Labor Department's Inspector General seem to suggest that, since the time when the Job Corps was formerly evaluated, the program's performance has slipped substantially, with considerably higher costs, more dropouts, and lower job placement rates.¹³ We do not yet know how accurate these charges are, but any assessment of the Job Corps as it currently functions, or might function in a future expanded form, should bear in mind that the program's operation and/or general labor market conditions may have changed in significant ways in the 12 years since the Final Report was completed.

Second, the Final Report on the Job Corps estimates that participation in the program reduced the annual murder rate of Corpsmembers by about 3 murders per 1,000 participants, measured over the 4.5 year program evaluation period. While statistically significant, the effect of Job Corps participation on murder unfortunately seems implausibly large. Translated into the usual metric for murder rates, the estimated reduction is 290 fewer murders per 100,000 participants.¹⁴ If the participants committed no murders at all, then a reduction of this size

could only occur if the control group had been committing murders at a rate more than 4 times higher than the average for black males aged 15-24.¹⁵ Of course, this would imply that the Job Corps reduced murders by 100 percent during the experimental period

Thus, it would appear that the reduction in murders attributed to participation in the Job Corps is greatly overstated. If Job Corps participants were committing murders at five times the rate of the black adolescents of that day, and the reduction attributed to the Job Corps were a more plausible but still very substantial 50 percent, then the murder reduction benefits would have been only 140 per 100,000 instead of the aforementioned 290 per 100,000, which we extrapolate from the Final Report.

There is at least one countervailing factor to consider, however. In monetizing the gains from reduced murders, the authors of the Final Report valued each human life saved at roughly \$300,000 (in 1993 dollars), which is considerably lower than most other estimates. For example, Mark Cohen¹⁶ uses a figure of \$2.7 million (1993 dollars), and some estimates range as high as \$5 million.¹⁷ One might imagine that the overstatement in the estimated reduction in murders -- the true number might well be only one-fourth the estimated number -- might be precisely offset by the low estimate for the dollar value of murders prevented, which in turn might be only one-fourth the true value. On the other hand, the estimated value of life in these cost-benefit estimates usually varies positively with the present value of future earnings, and for the Job Corps participants, this present value might well be low relative to the population at large, thereby justifying the lower estimate used in the Final Report. This obviously raises intractable philosophical and ethical questions about how to value human lives in cost-benefit studies.

In my opinion, considering the problems that I have discussed in the estimation of the number of murders avoided by the Job Corps, I think it is likely that some mistake was made that exaggerates the magnitude of the murder reduction benefits. As Table 2 reveals, the issue of the crime-reducing value of the Job Corps is critical to the finding that it generates significant net benefits. If the program yielded no crime reduction benefits, then the program would have costs larger than its benefits. Moreover, since most of the value from reducing crime comes from the alleged reduction in murders, this factor -- and the concerns raised about its accuracy -- are crucial issues that the Committee should consider in reaching its overall conclusions about this important social program. Clearly, if the Job Corps in fact produces a substantial social return, then the program should be funded appropriately. Conversely, if the returns are inadequate, scarce public resources should not be wasted on it. In any event, we all await the results of the forthcoming evaluation of the Job Corps that will hopefully shed more light on these important questions.

¹⁵The term "quasi-governmental" refers to the fact that in many cases programs are actually run by private for-profit enterprise, according to rules and incentives structured by federal or state governments

¹⁶Excellent reviews of the literature can be found in James J. Heckman "Is Job Training Overvalued?" The Public Interest n 115 (Spring, 1994), pp. 91-116, and Heckman, Rebecca Roselius and Jeffrey Smith "U.S. Educational and Training Policy: A Re-evaluation of the Underlying Assumptions Behind the 'New Consensus'" University of Chicago Graduate School of Public Policy, 1993

¹⁷The Job Training and Partnership Act (JTPA) raised 18 month total earnings for adult enrollees by roughly \$900; earnings for youth fell by about \$300 for women and \$1300 for men. Heckman, Roselius and Smith, p. 42

¹⁸Heckman et al. do note a 2 to 5 percent increase in employment rates for JTPA enrollees as compared with a control group.

¹⁹For example, the STEP program had no effect on high school graduation rates, pregnancy, or welfare utilization. Heckman, Roselius and Smith, p. 25

²⁰Heckman et al. p. 28

²¹Neither is there convincing evidence that the overall condition of labor markets -- as measured by the economy's position in the business cycle -- has a strong effect on crime rates. While some crimes (auto theft) are moderately pro-cyclical, others (robbery, burglary) are moderately counter-cyclical, homicide bears no relationship at all to the state of the economy. Philip J. Cook and Gary Zarkin "Crime and the Business Cycle" 14 Journal of Legal Studies 115 (1985). For further evidence (using data from a single city and paying careful attention to issues of timing and exogeneity), see Hone Cormier and Theodore Joyce, "Urban Crime Control: Violent Crimes in New York City," Social Science Quarterly 74 (1993) p. 407. Sept., 1990 pp. 567-583. But see Isaac Ehrlich, "The Deterrent Effect of Capital Punishment: A Question of Life and Death," 85 Amer Econ Rev 397, 412 (1975) (finding that the deterrent effect on the rate of murder of improved labor market conditions is stronger than that of any criminal justice system variables)

- ⁸Sar A. Levitan and Frank Gallo, A Second Chance: Training for Jobs (Kalamazoo, MI: Upjohn Institute, 1988), p. 133
- ⁹David A. Long, et al., "Evaluating the Benefits and Costs of the Job Corps," Journal of Policy Analysis and Management, Vol. 1 No. 1 (1981), pp. 65-76, and Charles Mallar, et al., Evaluation of the Economic Impact of the Job Corps Program, Third Follow-Up Report (Princeton, NJ: Mathematica Policy Research, Inc., 1982)
- ¹⁰Mallar, et al., at 261
- ¹¹Of the total benefits, roughly 40 percent came from reduction in crime of all kinds, while the remaining 60 percent came largely from additional output produced by participants in the program after graduation. If the increased output is ignored and the program is considered purely as a crime reduction measure, its benefits are not large enough to cover its costs
- ¹²As far as we can tell, the procedure employed in the evaluation seems to have been as follows: (1) Correct the reported number of arrests to account for under-reporting, (2) estimate an Ordinary Least Squares regression using the corrected number of arrests as the dependent variable, (3) include a number of demographic variables (age, sex, etc.) and a correction for sample selection effects as explanatory variables, (4) also include a dummy variable for participation in the Job Corps. The coefficient on this dummy is then the estimated program effect. We aggregated these effects across the sample periods (in program, 1 year, 2 year, etc.), then annualized to arrive at a total effect
- ¹³Ruth Larson, "Hearing Eye Job of Job Corps," The Washington Times, Weds. August 10, 1994, p. A8. For example, according to the article, the IG found that only 12 percent of Job Corps participants "eventually find work that matches their job skills"
- ¹⁴The rate for the U.S. as a whole is about 10/100,000. During the evaluation period covered in the Final Report, the murder rate for black males aged 15-24, a good proxy for Job Corps participants, was about 70 per 100,000
- ¹⁵As of the present writing, we have been unable to determine the reason(s) for this surprising result
- ¹⁶Pain, Suffering, and Jury Awards: A Study of the Cost of Crime to Victims." 22 Law and Society Review, 537, 548 (1988)
- ¹⁷Mark Cohan's figure is derived from studies estimating a workers' willingness to pay for reductions in the risk of death by accepting lower wages. Using the same approach, however, the Environmental Protection Agency estimated the value of a life to be \$4.8 million (in evaluating the cost of cigarette smoking)

Table 1: Estimates of the Annual Reduction
in Arrests per Participant
(Treatment Effect) From
Participation in the Job Corps

Crime	Reduction in Number of Arrests
Murder	0.003
Assault	0.001
Robbery	0.006
Burglary	0.005
Larceny + M V Theft	0.041

Table 2

ESTIMATED NET PRESENT VALUE PER CORPSMEMBER (5% Real Discount Rate)
 Source: Charles Mallar, et al., "Evaluation of the Economic Impact of the Job Corps Program --
 Third Follow-Up Report," (Mathematica Policy Research, Inc., September, 1982), pages 233 and
 248.

Benefits of Job Corps (1977 dollars)

1 Reduction in Murders	\$1468
2 Reduction in All Other Crime	1351
3 In Program Output of Members	757
4 Post Program Output of Members	3276
5 All Other Benefits	<u>547</u>
Total Benefits	\$7399

Costs of Job Corps (1977 dollars)

1 Operating Expenditures	\$2796
2 Administrative Costs	1347
3 Other Costs	<u>927</u>
Total Costs	\$5070

Benefits Minus Costs = 7399 - 5070 = \$2327

Benefits Minus Costs (Excluding Reductions in Murders) = \$861

Benefits Minus Costs (Excluding All Crime Reduction) = -\$490

PREPARED STATEMENT OF J. LAMAR BEASLEY

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

We are pleased to provide this statement for the record to share with your Subcommittee the Department of Agriculture's strong support for Job Corps Civilian Conservation Centers.

The Job Corps program was established in 1964 under the Economic Opportunity Act to prepare youth and unskilled adults for entry into the work force. It is America's oldest, largest, and most comprehensive residential training and education program for young, unemployed, and under-educated youth. Designed for severely disadvantaged youth, the program breaks the cycle of poverty and welfare dependence by providing the vocational training and job placement that youths need to transition into America's work force.

In May of this year, the Department of Labor (DOL) celebrated 30 years of sponsoring the Job Corps program. The USDA Forest Service teamed up with DOL in 1965 and has been a willing and effective partner in the operations of the Job Corps program. We currently operate 18 Job Corps Civilian Conservation Centers on 16 National Forests in 11 states. The Forest Service trains and educates approximately 8,000 young men and women annually through the Job Corps program. The program enrollment consists of 15 percent women and 44 percent minorities.

There are many mutual benefits between a natural resource agency such as the Forest Service and a youth training program such as Job Corps. There is a natural harmony of improving skills and providing challenges to our youth while, at the same time, accomplishing much needed conservation work in our Nation's forests and local communities. The Job Corps participants assist the Forest Service in accomplishing its mission - "Caring for the Land and Serving People." For the past three years, Forest Service Job Corps Civilian Conservation Centers have reported annual accomplishments valued at over \$20 million in conservation work. The Forest Service is honored to be involved in programs that conserve the Nation's most precious resource, its youth, who receive training in areas including carpentry, heavy equipment operation, plastering, painting, brick masonry, and urban forestry.

The Forest Service is pleased with the outstanding effectiveness of the Job Corps program. Eight of the 18 centers operated by the Forest Service recently received DOL's highest rating. These ratings are based on performance against center standards, including the average weekly termination rate, the average length of stay, the placement rate, the education learning gains, the number of general education diplomas (GED) earned, and the number of participants completing vocational training.

We attribute the success of Job Corps graduates to the intense training, increased work skills, and the team work atmosphere that the Job Corps program offers its participants. For the period 1990-1993, the Forest Service placed 78 percent of its graduates into the work force or into higher education institutions. In 1992, the participants entering the work force received an average starting wage of \$6.50 per hour.

Mr. Chairman, there are many success stories that I could share with you from events and circumstances involving Job Corps participants, and I will share a couple to show the long-term gains of working at a Job Corps Center. In May of this year, at the 30-year celebration of the Job Corps program, a Job Corps graduate who had made significant and outstanding achievement was chosen to enter the Job Corps Hall Of Fame. This honor went to a graduate of the Wolf Creek Civilian Conservation Center on the Umpqua National Forest, near Glide, Oregon. The recipient serves as the first Hispanic Judge in the state of Idaho judicial system. While at Wolf Creek, he earned his GED and graduated in carpentry. He credits Job Corps as the springboard for his quest for higher education which eventually led to a law degree. According to the Judge, Job Corps is where he learned responsibility and discipline, all of which greatly contributed to his success.

Another success story deals with a Job Corps graduate who completed training as a nursing assistant and later found use of his skills in saving the arm and possibly the life of a man whose arm was almost severed from his body.

It is a worthy goal to teach workers skills that match the shifting vocational goals of the computer age, but there is also another important benefit, the unquantifiable way that such skills can enhance the quality of life in America and help create a sense of community. People who learn new things tend to use them to help in hundreds of unexpected ways.

As a writer once said, "the youth will take over our churches, schools, and corporations. They will assume control of our cities, states, and nations... so it might be well to pay them some attention." Mr. Chairman, with the Job Corps Civilian Conservation Centers, the Forest Service feels that it is paying our youth some needed attention, and our nation and communities are better because of them. We look forward to continuing to be active partners with DOI in carrying out the Job Corps Program, and we also support the expansion of conservation centers.

This completes my statement. I will be glad to answer any followup questions from the Subcommittee.

Thank you.

PREPARED STATEMENT OF LLOYD L. MIELKE

We all realize there are two kinds of Job Corps. Contract centers in urban areas and those in rural areas under partial control of the Forest Service, National Park Service, Fish & Wildlife and Bureau of Reclamation. These rural centers are similar to the original CCC but currently they are too vocationally oriented. The rural ones are called Civilian Conservation Centers (CCC).

We recognize the dropout rate in the Job Corps is being questioned. We also have noted in the Washington Times of September 12, 1994 the dropout rate of the 1992 AmeriCorps type demonstration program was 20 percent.

We believe the dropout rate is due to the type of programs being offered. These applicants are school dropouts and we do not believe they should be put back in a vocational program. Some of the youth of today need a work program out in the woods. Give them projects they can be proud of as we are proud of ours. We shouldn't expect our youth to decide their goals immediately. I didn't find my way until I was 25 years old.

We also believe it is wrong to think everybody is college material. Our country needs bulldozer operators, truck drivers, trail builders, and fire suppression work is needed in our National Forests and National Parks.

When the Job Corps started in 1964 many former CCCers were asked by the administration to help it get going. Hundreds signed up and these middle-aged CCC boys were excited about being back in a CCC environment of saving our forests and parks. All of this was under Office of Economic Opportunity (OEO). When OEO was disbanded these CCCers became disillusioned and many took early retirement.

How can we get back to those days in 1964 through 1968. We believe that the rural CC Centers should be converted to 99% conservation work and operated directly by and under the control of the Department of Agriculture and Interior. In this way we would essentially have the CCC back working to save our National Forests and National Parks and at the same time save our youths by having them in a healthy environment. They would still get their GED.

NATIONAL JOB CORPS ALUMNI ASSOCIATION

11 October 1994

The Honorable Senator Hank Brown,
716 Hart Senate Building
Washington, DC 20510

Dear Senator Brown:

On October 4, 1994, an Oversight Hearing examining Job Corps was held by Senator Paul Simon, Chairman of the Subcommittee on Employment and Productivity in response to the concerns of Senator Nancy Kassenbaum. The records remain open until October 16, 1994. I am writing to request a letter from you supporting the Job Corps program to be included as part of the permanent filing in these records.

As a past student of Job Corps, I am very much aware of the advantages the program offers. I have been successfully employed for the past 23 years by the Denver Police Department. I continue to use the skills I learned while in Job Corps. Other members of my family are fortunate to have been a part of the Job Corps "family" as well. This includes my daughter, three sisters, one brother and two nieces.

Any program worth its weight in gold does not come to be without problems. As an alumna, I share some of the same concerns Senator Kassenbaum has. However, I would hope that our energies and resources will not be wasted on pointing out only the shortcomings of the program. Identifying ways to strengthen the program and build a better foundation in order to minimize the problems the centers may have is a better use of our resources. The intent of the Job Corps program is to provide the opportunity for young people to get vocational training and counseling that will enable them to become self-supporting, tax paying adults who contribute much to their communities.

Thank you in advance for your kind attention to this program.

Sincerely,

La Donna Frankle
La Donna Frankle
Region VIII Representative

National Association of CCC Alumni:
 P. O. Box 7491
 Kansas City, MO 64116

Dear NACCCA:

I am a seventeen-year old high school student from South Bend Indiana. Just yesterday, I read an article in the August edition of *Backpacker* magazine entitled "Reviving a Good Idea". It was an article about the movement by Great Depression Era veterans to revive the Civilian Conservation Corps.

This is the organization that I have for so long known so little about, yet been so excited by. Since I was a very young child, I have nearly grown up in Indiana State Parks. Almost every one of them is dotted with stone picnic shelters and bridges. There are steps carved into the rocks of a canyon at one park and long rows of tall pine trees guarding cornfields all over Northern Indiana. Beneath each of these works is a small, iron plaque. "Constructed by CCC labor, 1935". I have always admired these works. They are used by so many people *from day to day!* I shudder to think how many people have enjoyed them in the past sixty years... If only my generation could get involved in such a wonderful public works program.

This is a letter of firm encouragement. In my high school alone--and there are six just in South Bend, Indiana--there are scores of young people who would be *more* than delighted to have a CCC job. We spend too many hours of our lives flipping hamburgers and bagging groceries. We want to get out and *do* something useful to promote conservation. Sure there are such programs now, like the Student Conservation Corps (SCA), but too many of them are just token organizations. They have the idea but need government clout to really get figures like CCC: three *million* young men in nine years. There's a solution for all the problems we've had maintaining our parks in these past few years of economic downturn.

What a great concept! The wage could be optionally sent home or put into a type of savings account, accessible only for college or higher education. That would kill two birds with one stone!--put our youth to work and promote college enrollment. A program like CCC, with the workers living under military-style leadership in camps, would also teach respect and give young people self-confidence. People wonder why young people act that way--the drugs, the gangs, the violence, the crime, the "social depression". It's because they're idle and without self-discipline and confidence. Sure we say we're not idle but, friends let me tell you as an insider and one with experience still or dwelling on problems of no consequence whatsoever. Let's put all that misdirected energy into something valuable! Let's put it into conservation work!

Thank you so much NACCCA for your diligent efforts. If there is anything I can do--if necessary, I may be able to put together a modest monetary contribution or perhaps talk about NACCCA's efforts in the high school. Please feel free to contact me.

Sincerely yours,



Derek Carr

RESOLUTION MEMORIALIZING U.S. CONGRESS TO FUND SENATE BILL 598
"CIVILIAN CONSERVATION CORPS. PROGRAM"

WHEREAS, the Civilian Conservation Corps was born from the despair of the great depression: the soup lines, the Hoover villages, and the conditions which spawned "The Grapes of Wrath", indicating a nation in desperate need of help; and

WHEREAS, in 1933, President Franklin D. Roosevelt faced a nation bankrupt in money and spirit, His first Hundred Days he took many bold actions. Passage of the Emergency Work Act in March authorized several programs, one of which was the Civilian Conservation Corps. It was a program to recruit thousands of young men in a peace time army to work in forests, parks, lands and waters which constitute our basic resources; and

WHEREAS, almost 60 years later, our great country could benefit greatly from a Civilian Conservation Corps program; and

WHEREAS, President Roosevelt called for action from Congress and he got action, Senate Bill 598 creating the Civilian Conservation Corps, was introduced March 27, 1933, cleared both Houses of Congress and was on the President's desk for signature on March 31; and

WHEREAS, the first camp was opened on April 17, 1933, in Virginia, and by the first of July there were 275,000 enrollees in 1,300 camps across the country; and

WHEREAS, recruitment for the Civilian Conservation Corps was done by the Department of Labor, transportation, camp construction and management were arranged by the

Army while the Departments of Agriculture and Interior selected the camp sites, planned, designed and supervised the work projects in cooperation with State Departments of Forests and Parks. Through cooperation with State Departments of Forests and Parks. Through cooperative arrangements the Corps worked on national, state and metropolitan lands and projects. The team work and cooperation between the many organizations was nothing short of a miracle; and

WHEREAS, Robert Fechner was appointed National Director by executive order 1601 on April 5, 1933. He established an Advisory Council of the Secretaries of War, Labor, Agriculture and Interior; and

WHEREAS, the CCC program had an immediate economic impact. Supplies of all kinds from food to lumber, trucks, axes and shovels were required. The enrollees were required to send home \$25.00 of the \$30.00 monthly wages. These expenditure and allotment checks, which look small now, were felt in the cities and towns across the nation; and

WHEREAS, there was a social impact. Young men were taken off the streets, they traveled far from home, and they performed useful work in a healthy environment. They learned to live and work together and 40,000 illiterates learned to read and write. By 1935, over 600,000 enrollees were working out of 2,650 camps. By the time the program was disbanded in 1942, nearly three million men had engaged in this productive and popular program; and

WHEREAS, these men built fire towers, truck roads, firebreaks, planted millions of trees, reclaimed thousands of acres from erosion, built countless federal and state parks and campgrounds, salvaged timber from New England hurricane blow-down of 1938, and improved fish and wildlife habitats; and

WHEREAS, by 1940, due to the growing threat of war and improvement in the nation's economy there were fewer than 200,000 men in 900 camps. The need for the program was rapidly

diminishing. The corps was never abolished. Congress simply failed to provide a budget for its continuance and by July, 1943, the entire program was liquidated; and

WHEREAS, Perry H. Merrill a State Forester of Vermont and then Commissioner of Forests and Parks was involved in leadership and administration of the program in his state. As a forester, a legislator and historian he was admirably equipped to tell the story of one of America's great peace time successes. In one of the first articles written on the Civilian Conservation Corps he captured the despair and emotion of the depression as well as the thrill of accomplishment in the rehabilitation of both human and natural resources; and

WHEREAS, President Franklin D. Roosevelt's Forest Arm, included heavy woolen clothes, work jackets, heavy shoes and mittens for winter. A comfortable bed with sufficient warm bedding, including a mattress, woolen blankets, sheets, and pillow case, was provided; and

WHEREAS, the Department of Labor chose a state selection agent for each state to certify the selected enrollees to the Department of War; and

WHEREAS, thousands of young men would be turned loose in the woods having never used an axe or other tool, it was decided that some local experienced men should be recruited to teach the enrollees and assist the technical staff. Until 1935, the selection of these local experienced men was handled under the direction of the Department of Labor, and thereafter the representatives of the states were granted the authority. The technical foreman knew where to locate these local enlisted men locally, and this change operated very successfully; and

WHEREAS, many veterans of World War I marched on the Capitol in Washington in 1933 seeking bonus pay for their wartime service. The Veterans' Administration contacted

the President, as a result of which, he initiated an executive order on May 11, 1933, which directed that 25,000 veterans be enrolled in the Civilian Conservation Corps Program. Enrollment began at once and increased to 32,924 in 1935 and 36,741 in 1937. The primary function of the Veterans' Administration was to determine the eligibility for membership in the veterans' contingent and to certify such selectees to the War Department for physical examinations and enrollment; and

WHEREAS, May 16, enrollment jumped to a total of 64,450 men; the next day added 8,100 men, and the next 10,100. On June 1, a peak daily enrollment of 13,843 was reached. By June 29, 270,000 men occupied 1,330 work camps. The task also included the transportation of 55,000 enrollees in 335 companies from eastern Corps areas to the far western states. The Civilian Conservation Corps gave employment to many others besides the enrollees. Before the expansion there were 5,900 reserve officers, 70 warrant officers, 410 contract surgeons, 160 nurses, 1,468 teachers (Educational Advisers), 18,000 technical advisers, and about 3,000 artisans hired on a day-to-day basis. The War Department was confronted with the task of administrating and providing for the needs of a suddenly created army of 300,000 men. Immediate needs included food, clothing, shelter, transportation, education, and religious services. This was a larger undertaking than the Army had encountered in the Spanish-American War; and

WHEREAS, every state (including Puerto Rico and the Virgin Islands) had one or more camps. The number of camps in a state depended upon many factors, including the number of enrollees from that state and the number of projects which a state had readily available. Since there were not enough projects in the east to take care of all the eastern men, many eastern youths were sent west. On April 10, 1933, the first quota of 25,000 was called up,

and on April 17, the first camp, Camp Roosevelt, was occupied on the George Washington National Forest near Luray, Virginia. The total number of camps varied during the eight-year period; as an example, there were 2,069 camps-of which 1,493 were under the technical direction of the Department of Agriculture, 506 under the Department of Interior, and 70 under the war Department. About 77 camps were located on Indian Reservations. The average yearly enrollment (which included enrollees and other personnel) in 1937 was 374,000; and

WHEREAS, the number of buildings within a camp varied from one state to another. When a company arrived at a site which had been established by a cadre of 25 enrollees, tents were used as quarters until wooden buildings were built. On some occasions in the north, barracks were not constructed until snow had arrived with accompanying 30-degree-below temperature. By 1935, prefabricated buildings were shipped into the northeast; and

WHEREAS, the medical corps was suddenly faced with the problem of providing health care for four individuals where it had formerly provided for one. It had also become responsible for eight humans where it had looked after only one. All selectees were examined under Army Medical Corps supervision. Accepted local enlisted men's were given protective vaccination against smallpox and typhoid fever. Enrollees were instructed in personal hygiene and given periodical physical checkups. Emergency dental treatment was provided. A medical officer was stationed in nearly every Civilian Conservation Corps camp. Some remote camps were 50 or more miles from camp or hospital, so 400 ambulances were provided. Rigorous inspections of food, water and vigilance against epidemics assisted in keeping a healthy Civilian Conservation Corps; and

WHEREAS, spiritual and educational needs of the enrollees were not neglected, and religious services were provided regularly to all enrollees.

Every attempt was made to get enrollees to attend the religious services of their preference. In addition to taking enrollees to nearby churches, clerics of the several denominations were brought to camps to conduct services. Spiritual ministrations of the chaplain, priest, and rabb. did not stop with the collective religious service; the chaplains talked over with the young men their deeply personal and disturbing problems and did, in a large number of cases, aid them to adjust themselves better in the world in which they live. Also, one of the most significant features of the Civilian Conservation Corps was its educational program; and

WHEREAS, educational programs were held outside of the work hours, and both the Army and technical service personnel aided the educational adviser. Educational facilities at the camps varied from camp to camp, but usually, included books, projectors and moving pictures with classrooms equipped with desks, blackboards and other educational material; and

WHEREAS, the greatest problem in the negro camps was the elimination of illiteracy. Night classes were taught by four persons from High School. Sports and recreational activities kept the boys occupied so that time would not hang heavy and lead to discontentment; and

WHEREAS, the accomplishments of the Civilian Conservation Corps include the work on land and water areas which were purchased by the then authorized funds. The work on migrator, wild fowl and big game areas consisted of miscellaneous construction including truck trails, fire lines, telephone lines, planting for food and cover, clearing ponds and channels, construction of bridges and dykes and small dams to make fresh water ponds. All of these projects were concerned with the improvement of the physical features of the refuges; and

WHEREAS, during the Civilian Conservation Corps period, research stations were established. In 1935, 46 Civilian

Conservation Corps were established to carry out drainage work in Delaware, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland and Ohio; and

WHEREAS, much constructive work otherwise impossible was accomplished in Alaska, Tennessee, New England and in New Jersey, Maryland, Delaware, Florida, the Gulf and Atlantic Coasts, the states bordering on the Pacific Ocean, and in Iowa and Illinois; and

WHEREAS, the Civilian Conservation Corps advanced park development by many years. It made possible the development of many protective facilities on the areas that comprise the National Park System, and also provided, for the first time, a Federal aid program for state park systems through which the National Park Service gave technical assistance and administrative guidance for immediate park developments and long-range planning. The National Park System benefited immeasurably by the Civilian Conservation Corps, principally through the building of many greatly needed fire trails and other forest fire-prevention facilities such as lookout towers and ranger cabins. During the life of the Civilian Conservation Corps, the areas received the best fire protection in the history of the Service. The Civilian Conservation Corps also provided the manpower and materials to construct many administrative and public-use facilities such as utility buildings, sanitation and water systems, housing for its employees, service roads, campground improvements, and museums and exhibits; to do reforestation and work relating to insect and disease control; to improve the roadsides; to restore historic sites and buildings; to perform erosion control, and sand fixation research and work; to make various travel and use studies; and to do many other developmental and administrative tasks that are so important to the proper protection and use of the National Park System; and

WHEREAS, the Civilian Conservation Corps made available to the superintendents of the national parks, for the first time,

a certain amount of manpower that allowed them to do many important jobs when and as they arose; also, the State park program received a tremendous impetus through the Civilian Conservation Corps; and

WHEREAS, during the life of the Civilian Conservation Corps, the General Land Office operated a maximum of six Civilian Conservation Corps camps and carried on a program of work in the Territory of Alaska; and

WHEREAS, Conservation Work and Civilian Conservation Corps activities within the Office of Indian Affairs began June 19, 1933. A total of 88,349 different individuals participated as enrollees. Eighty-five thousand two hundred of these were Indians; 3,149 were whites, most of whom were intermarried. An average of 7,564 enrollees, and 776 employees 8,340 persons in all -- were engaged in conservation activities each day during the life of the Corps. Approximately \$72,000,000 were expended -- an average of \$8,000,000 per year. The Work accomplishments were impressive, and have contributed directly to the rebuilding of the reservations and the National Domain; and

WHEREAS, a wide range of education was received by the enrollees from their part in the Civilian Conservation Corps programs. They learned of methods to conserve and harvest and protect our forests. They saw the need for and learned how to take care of soil erosion by revegetation and diversion ditches to furnish water for arid areas. They saw the dangerous effect of certain insects and animals upon forest and agricultural crops. A large number of the enrollees learned to read and write and our newer aliens also learned to use our language; and

WHEREAS, in each camp, religious training was made available to all by clergymen of Catholic, Jewish or Protestant faiths who were attached to the camps as chaplains. The enrollee, if he chose, could go to a church of his faith in the community; and

WHEREAS, the average number of camps operating in Illinois was 54. The average distribution of camps by services for the period ending September 30, 1937 was as follows: Agricultural Engineering 5, Soil Conservation Service 4, State Parks 27, Military Reservation 1. The aggregate number of Illinois men given employment was 165,347. This figure included 155,045 junior and veteran enrollees and 10,302 non-enrolled personnel of camp officers and supervisory workers. The number of individuals who worked in Illinois regardless of the state of origin was 92,094.

WORK ACCOMPLISHMENTS

Bridges, all types, number.....394
 Truck, foot and horse trails, miles.....1,192
 Check dams, erosion control, number.....223,880
 Gully erosion, trees planted, number.....28,001,387
 Water control structures, flood control, number..4,742
 Trees planted, reforestation, number.....32,938,000

APPENDIX

Ages of Civilian Conservation Corps Enrollees

The following figures were collected from a survey taken in January, 1937. Number of Civilian Conservation Corps enrollees classified according to age groups continental United States

Age last birthday basis	Number of enrollees
All ages	350,350
18 years	36,240
18 years	53,454
19 years	48,750
20 years	45,185
21 years	35,209
22 years	26,431
23 years	19,441
24 years	14,667
25 years	10,736
26 years	8,702
27 years	5,696
28 years	3,743
29 years to 34 years	5,585
35 to 39 years	6,806
40 to 44 years	14,163
45 to 49 years	9,381
50 to 54 years	3,187
55 to 59 years	1,519
60 to 64 years	835
65 years and over	426
Age not reported	194

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Chicago hereby memorializes the U.S. Congress to reestablish a Civilian Conservation Corps which would be as pertinent to our nation's economic and social success in the 1990s as it was in the 1930s and early '40s.

[Whereupon; at 1:13 p.m., the committee was adjourned.]

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