



Testimony

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Senate Bill 543:  
The Job Training Partnership Act  
Youth Employment Amendments of 1989

Statement of  
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Before the  
Subcommittee on Employment and Productivity  
Committee on Labor and Human Resources  
United States Senate



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**SUMMARY OF GAO TESTIMONY BY WILLIAM J. GAINER ON  
S. 543: THE JTPA YOUTH EMPLOYMENT AMENDMENTS OF 1989**

S. 543 would make changes to both the adult and youth titles of the Job Training Partnership Act (JTPA). Results from previous and ongoing GAO work are relevant to some of the provisions of S. 543 as well as to analogous recommendations made by the Department of Labor's JTPA Advisory Committee. Our testimony highlights five areas of proposed change.

**Better Targeting of Resources** -- Several provisions of S. 543 would target greater resources and services to those who are hard to serve. While the provisions should contribute to achieving this goal, additional steps are needed, including a clear definition of the term "hard to serve" and the establishment of a performance standard for measuring service to that group. GAO's work also suggests that Congress may want to target services to those with multiple barriers to employment.

**Basic Skills Training** -- Both S. 543 and the Advisory Committee emphasize basic skills training to JTPA participants. GAO's forthcoming report on JTPA suggests that Congress consider requiring local programs to not only assess the need for such training but insure that it is also made available.

**Long Term Training and Placements** -- While the long term training emphasized by S. 543 appears desirable, GAO's work shows that length of training alone is not sufficient criteria because some low skill on-the-job training appeared to be too long. GAO suggests the bill be modified to emphasize long-term training in moderate or high skill occupations. This emphasis, coupled with the performance standard proposed by the bill, should contribute to the goal of long-term placements. GAO also believes that the Advisory Committee recommendation to add competencies, in lieu of job placements, as an acceptable outcome measure for adults could be counter-productive to program goals.

**Consistent and Reliable Data** -- The Advisory Committee recommended that the reliability and consistency of information collected by JTPA be improved and that standard definitions be used for key terms. GAO's work indicates a need for such a provision. GAO also suggests that S. 543 include a provision that certain data needed for program management and oversight be collected and reported.

**Increased Support Services** -- S. 543 would allow an additional 10 percent to be spent for support services while the JTPA Advisory Committee would permit an almost unlimited use of training funds for support services. GAO believes the current legislation gives service delivery areas sufficient flexibility in this area. Congress should be cautious in increasing funding for support services because JTPA's current successful emphasis on training could be altered.

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to assist you in your deliberations on Senate bill 543, the Job Training Partnership Act Youth Employment Amendments of 1989, which would make changes to both the adult and youth titles of the act. My testimony will concentrate on certain provisions of this bill and on analogous recommendations made by the Department of Labor's JTPA Advisory Committee. Specifically, I will discuss proposals relating to (1) targeting JTPA resources to the most economically disadvantaged, (2) increasing emphasis on basic skills training, (3) achieving long term placements, (4) collecting more consistent and reliable program data, and (5) increasing support services for JTPA participants.

The first four proposals deal with issues we have analyzed in our previous work on JTPA. We believe these proposals can be at least partially successful in achieving their intended purposes. However, some of these provisions, such as changing the funding allocation formula, may not be sufficient to achieve the desired result without additional program changes. We would also like to raise a caution with respect to the possible effect that the fifth proposal, increasing funding for support services, could have on the amount of JTPA funds available for training.

The information we are providing today is based primarily on our recently completed study of the title IIA adult program which was requested by the Chairman and Ranking Minority Member, House Committee on Education and Labor. In that study, we used the demographic characteristics and employment experiences of a large sample of JTPA adult participants to construct two significantly different groups--those who were less ready to enter the labor market at the time they were enrolled in the program, who we referred to as the "less job ready," and those who were more ready, referred to as the "more job ready".<sup>1</sup> We analyzed the program outcomes for these groups, including the skill level of jobs they obtained, in relation to the kind and intensity of training received. The principle findings of this study, which we will refer to throughout this statement, are as follows:

- there was little evidence that JTPA was targeting either job readiness group for enrollment in the program (see exhibit I),

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<sup>1</sup>We used results of previous research, expert opinion, and the results of our own multiple regression analyses of Current Population Survey data to identify characteristics most strongly associated with those who experience more difficulty in the labor market. These characteristics were lacking recent work experience, being a black or Hispanic, being a school dropout, receiving public assistance, or being a single parent.

- those less job ready individuals who were enrolled in JTPA tended to receive less intensive services (see exhibit II),
- the quality of jobs received after leaving JTPA was strongly related to the skill level of training received (see exhibit III),
- school dropouts were underserved (see exhibit IV), and
- low skill on-the-job training was being provided for excessive periods of time (see exhibit V).

We testified on the preliminary results of this work in September 1988<sup>2</sup> and will issue the final report in the near future.

#### **BETTER TARGETING OF RESOURCES**

One of the primary purposes of S. 543 "is to improve the targeting of limited Federal resources on the 'truly disadvantaged', the long-term hardcore unemployed, and on youth who have never entered the labor force and have no means to do so without the direct intervention of this program." Several provisions of S. 543 would target greater program resources and services to those among the economically disadvantaged who are more in need of service and harder to serve. Specifically, the proposed legislation would:

- Revise the funding allocations to give increased weight to the proportion of economically disadvantaged eligibles residing in states and localities,
- Target harder to serve youth through demonstrations,
- Allow the use of up to 10% of title IIA funds for experimental programs for the hard-to-serve,
- Establish a separate set of performance standards for hard-to-serve individuals, and
- Require non-economically disadvantaged participants to have two or more employment barriers.

Our recent study showed that the JTPA program does not target resources to any particular sub-group of eligibles, including the less job ready who presumably are most in need of training services. If anything, certain hard to serve subgroups such as dropouts were less likely to be served and received less

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<sup>2</sup>Job Training Partnership Act: Participants, Services, and Outcomes (GAO/T-HRD-88-31, Sept. 29, 1988).

intensive training than subgroups better prepared to enter the labor market without training. While the bill's provisions would encourage greater targeting of the hard to serve, they will not in themselves guarantee that such targeting will occur.

### **Funding Allocation Formula**

For example, the revised allocation formula will not necessarily insure greater services to the hard to serve. Since the implementation of JTPA, many have argued that the allocation formula for state and local funding places undue emphasis on the size of the unemployed population residing within these areas and insufficient emphasis on the size of the eligible population--the economically disadvantaged. The proposal would modify the funding formula by making more funds available to those areas with larger concentrations of economically disadvantaged individuals.

The current program serves only a fraction of those eligible and provides states and service delivery areas ample opportunity to target resources to those economically disadvantaged individuals in greater need of services. Yet, we found that JTPA was serving each job readiness group in proportions similar to its representation in the eligible population. Thus, one cannot conclude that allocating more money to areas with concentrations of those in need would necessarily result in more resources spent on individuals who are hard to serve. Rather, some more specific pronouncement of legislative intent or the establishment of specific performance standards for targeting may be necessary.

### **Performance Standards for Hard to Serve**

In this regard, S. 543 proposes to establish a separate set of performance standards for training the hard to serve. This could be expected to encourage serving a greater number of individuals in that group by removing the perception that enrolling large numbers of hard to serve participants could lower a service delivery area's overall performance rating. However, it is not certain to do so. This is because local programs could perform successfully on the separate measures which apply to the hard to serve without enrolling any additional hard to serve individuals. Thus, while this proposal might eliminate a perceived barrier to serving this group, it does not insure that more hard to serve individuals will receive services.

### **Youth Demonstration and Experimental Programs**

S. 543 would also authorize (1) \$100 million in fiscal year 1990 to establish a youth demonstration grant program to target services on harder to serve non-college bound youth and (2) the use of up to 10 percent of title II adult funds on an experimental program for hard to serve groups with special

needs, such as long-term Aid to Families with Dependent Children (AFDC) recipients. The existence of such demonstration programs should heighten the awareness of the need to focus intensive and differing services on hard to serve populations and may result in the identification of better approaches to assist such groups.

### Additional Targeting Requirements Needed

While the above provisions should contribute to one of the primary goals of the bill--increased services to the hard to serve--additional steps may be needed to achieve that goal. First, S. 543 emphasizes assistance to the hard to serve but does not explicitly define this group. In our view, one reason the current program is not targeting any particular subgroup of eligibles is that the current targeting language is vague. To better assure that the bill's goals are met, we suggest that S. 543 include a clear definition of the term "hard to serve". For example, this group might be defined as having two or more characteristics considered to be significant barriers to employment such as those we used to identify less job ready participants or those included in the bill for non-economically disadvantaged participants.

Second, to insure that a greater number of hard to serve individuals are assisted, the bill could also include a requirement that the extent to which service delivery areas serve this group should be among the standards the Department uses to measure program performance.

### Services to the Non-economically Disadvantaged

Another provision of the bill (which also relates to targeting) would tighten the circumstances under which noneconomically disadvantaged individuals could be enrolled, but increase the allowable percentage of such individuals from 10 to 15 percent. The more restrictive rule would require such individuals to have two or more employment barriers such as being handicapped, a school dropout, or a teenage parent.

The provision on multiple barriers appears consistent with the bill's targeting emphasis, but if the number of non-economically disadvantaged enrollees were to increase it would also reduce the funds available for the economically disadvantaged, including those who are hard to serve. On the other hand, Labor statistics indicate that, on average, the current ten percent ceiling has not been constraining--only about 7 percent of the participants served under JTPA are not economically disadvantaged.

## Targeting Recommendations by the JTPA Advisory Committee

Labor's JTPA Advisory Committee recommended that a substantial majority of JTPA enrollees be (1) adults lacking in basic skills or welfare recipients with substantial welfare dependency; (2) out-of-school youth who are dropouts, welfare recipients, or lack basic skills; and (3) in-school youth who are at risk of dropping out of school or failing in the labor market. Although our data are not strictly comparable, our recent study indicates that JTPA may well be achieving the goal of these recommendations currently so that many service delivery areas could comply without any substantial change in their current behavior. We found that about 43 percent of adult participants and 54 percent of out-of-school youth are either dropouts or on AFDC or both. In addition, among youth and adult high school graduates, as well as among in-school youth, there are very likely substantial numbers who would be found to be lacking in basic skills.

Thus our data indicate that, if greater targeting is desired, Congress may want to focus on those with multiple barriers to employment. Our data indicate that when JTPA participants with multiple barriers to employment are provided with the same intensity of training as those with few or no barriers they often do as well. Furthermore, those who are both dropouts and on AFDC are underserved by JTPA compared to their presence in the eligible population. Eight percent of the adults and 12 percent of the youths served by JTPA were dropouts receiving AFDC compared to 33 percent and 23 percent, respectively, in the eligible population. (See exhibit VI.)

### **BASIC SKILLS TRAINING**

Both S.543 and the Advisory Committee report emphasize basic skills training to JTPA participants.

- S. 543 directs service delivery areas to give special emphasis to those "most-in-need" of basic skills and to test participants' reading and math skills; establishes a performance standard for basic skills; and provides a three percent set-aside for, among other things, basic skills training.
- the Advisory Committee emphasizes serving adult and youth participants reading or computing below the eighth grade level.

Our JTPA participant data and other research provide insights regarding an increased emphasis on basic skills training. For example:

- labor market opportunities, including steady employment and earnings, are poor for school dropouts;
- many in the JTPA eligible population have an apparent need for basic skills training; and
- JTPA currently underserves school dropouts in proportion to their presence in the eligible population.

Based on this information, we suggest in our forthcoming report that Congress consider requiring that service delivery areas not only assess participants' need for remedial education but also insure that such training is made available, either through JTPA or other education programs, to those who need it in order to succeed in the labor market. While S. 543 would require an assessment of reading and math skills it does not require that remedial training be provided to those with a demonstrated need.

#### **LONG TERM TRAINING AND PLACEMENTS**

S. 543 would encourage "long-term training" by (1) providing service delivery areas with three percent of the state allocated funds to be used, in part, to carry out long-term training and (2) awarding incentive funds to service delivery areas providing such training. In our forthcoming report we note the higher cost of more intensive training and the uncertainty regarding its cost-effectiveness. But given the apparent success of high and moderate skill job training, we recommend that the program's emphasis on such training be increased, while better data and program monitoring be incorporated to measure the effects of such a change. Although long-term training could generally be expected to be more intensive and for higher skill occupations, this may not necessarily be so. Thus, clarification of the term long-term training is likely needed. We raise this issue based on three findings from our JTPA study.

- More intensive, higher skill training generally took longer to complete than other training services.
- Those who received higher skill training were likely to be placed in higher or moderate skill jobs regardless of their job readiness category.
- However, in many instances long-term, on-the-job training for low skill jobs appeared to be much longer than necessary and may come closer to providing wage subsidies to employers than to providing needed training.

While longer term training appears to be desirable for many participants, the length of training, in and of itself, is not sufficient criteria against which to measure performance. Therefore, we suggest that the bill be modified to emphasize



long-term training in moderate or high skill occupations, along with clarifying language as to what specifically is meant by this term.

### Placements

The proposed legislation encourages long-term placements by (1) requiring Labor to include retention in unsubsidized employment for more than 6 months as a factor in establishing performance standards and (2) awarding incentive grants to service delivery areas exceeding the new performance measures. Similarly, the JTPA Advisory Committee recommended that the primary performance measures be (1) job placement and (2) employment retention and that the program should seek jobs with career potential, employee benefits, and wages that allow individuals to become self-sufficient.

While the lack of consistent follow-up data among the service delivery areas prevented us from determining how long participants retained their jobs after leaving JTPA, we evaluated the skill level of the positions in which participants were placed. Our study showed that a significant percentage (41 percent) of the positions in which participants were placed were low skill jobs. Many of these are in occupations for which wage gains and productivity growth have traditionally been weak such as food service workers and waitresses.

Reporting data on the length of placements and developing a performance standard could be expected to encourage long-term placements. Such a reporting requirement, coupled with emphasis on moderate and higher skill training which, as previously noted, tends to lead to moderate and high skill jobs, should contribute to achieving the goal of long-term placements.

### Adult competencies

S. 543 and the Advisory Committee report both make reference to competency measures for adults. The Senate bill would include a performance standard for basic skills and workplace competencies in addition to other measures including job placements. We have no specific information bearing on the effect of this change. The Advisory Committee recommended adding competencies as an acceptable program outcome measure for adults in lieu of job placement. This could be counter-productive and may conflict with the principle measure of performance for adult training programs cited in the act--namely "the increase in employment and earnings and reductions in welfare dependency."

In our view, achievement of an adult competency might be best considered as a means to an end--the end being a quality job placement--and not as an end itself. Permitting competencies to be counted as acceptable outcome measures, in

lieu of placements, could discourage service delivery areas from providing participants with additional training, such as in occupational skills, after completion of basic skills or could lessen their incentive to aggressively seek job placements for such individuals. Our report on the use of competencies in JTPA youth programs<sup>3</sup> showed that an analogous situation was occurring with youth competency measures. Although most service delivery areas had youth competency systems, there were significant differences in the criteria used to judge good performance. This could have resulted in a wide disparity in the amount of training which youths, even those with very similar needs, might receive. This, in turn, would allow delivery areas providing minimal services to gain an unreasonable competitive edge over those providing more extensive training. As we pointed out, if that were to happen, the incentive awards could operate to discourage providing comprehensive high-risk training to participants needing more significant training and to encourage providing very minimal, low-cost training.

#### **CONSISTENT AND RELIABLE DATA**

The JTPA Advisory Committee recommended that the reliability and consistency of information collected by JTPA be improved and that common data elements be developed in order to define and measure performance consistently across programs. Our previous work in JTPA<sup>4</sup> also indicated the need for such a provision. Service delivery areas use different definitions for key terms such as "enrollment", "termination", and "placement". As the Advisory Committee pointed out, standardizing the meaning of such terms would improve the validity of national performance reports.

Labor's current data collection system also lacks a detailed description of who is being served in terms of their demographic characteristics and multiple employment barriers and hence their likelihood of succeeding in the labor market. Further, one cannot currently relate the outcomes participants experience to the kind and intensity of services received. In our opinion, such data would provide one indication of the effects of training on the labor market outcomes of individuals with differing initial chances of success in the labor market-- information

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<sup>3</sup>Youth Job Training: Problems Measuring Attainment of Employment Competencies, (GAO/HRD-87-33, February, 1987).

<sup>4</sup>Job Training and Partnership Act: Data Collection Efforts and Needs (GAO/HRD-86-69BR, March 1986); "The Job Training Partnership Act Performance Standards and Information Systems," Statement of William J. Gainer, Associate Director, Human Resources Division, General Accounting Office, before the Subcommittee on Employment and Productivity, March 11, 1986.

vital for program management, Congressional oversight, and performance evaluation.

In the past, the Office of Management and Budget has been reluctant to approve additional data collection requirements suggested by Labor and may be unlikely to do so in the future. Thus, a legislative mandate may be necessary in order to collect such data. Therefore, we suggest that a provision be included in S.543 requiring that data be available at the local program level on (1) those combinations of participant characteristics associated with labor market difficulty, including lacking recent work experience, level of basic skills attainment, receiving AFDC or general relief, dropping out of school, and being a single parent, (2) the kind and intensity of services provided to such individuals, including the number of hours of training received and the skill level of such training, and (3) the labor market outcomes participants experience, including the skill level of the job obtained. We believe such definitions could be readily developed and we would be willing to work with the subcommittee on this matter.

#### **INCREASED SUPPORT SERVICES**

Senate bill 543 would provide an additional 10 percent (increased from 15% to 25%) for participant support services, such as transportation and child care, whereas, the JTPA Advisory Committee would permit an almost unlimited use of training funds for a similar purpose as well as for other non-training purposes including work experience and stipends. We believe that the Congress should be cautious in increasing funding for support services because JTPA's current successful emphasis on training could be altered. This could possibly lead to greater emphasis on non-training services, similar to the Comprehensive Employment and Training Act program where much of the funds were spent on such services. Also, the provisions in the current legislation, pertaining to the availability of waivers from the support service cost limit, appear to provide for program flexibility. Further, available support service funds are currently underutilized.

While some individuals need support services in order to participate in JTPA, service delivery areas have chosen not to provide such services to the extent permitted. We noted in an earlier report on JTPA support costs<sup>5</sup> that the limit on such funds imposed by the act was not a problem facing service delivery areas. JTPA permits them to spend 15 percent of their funds on support services and allows service delivery areas to

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<sup>5</sup>The Job Training and Partnership Act: An Analyses of Support Cost Limits and Participant Characteristics (GAO/HRD-86-16, November, 1985).

seek waivers from this cost limit. Very few service delivery areas requested such a waiver and those that did generally got it. Moreover, on average, service delivery areas spent less than half (about 7 percent) of the 15 percent currently available on support services during program year 1985. More recent data on program year 1987 indicate that service delivery areas have increased such expenditures to about 11 percent but are, on average, below the 15 percent permitted. Thus, we believe the existing provisions of Section 108 of the Act pertaining to waivers are likely sufficient to allow service delivery areas needed flexibility to provide support services given service delivery areas' current emphasis on training and placement services.

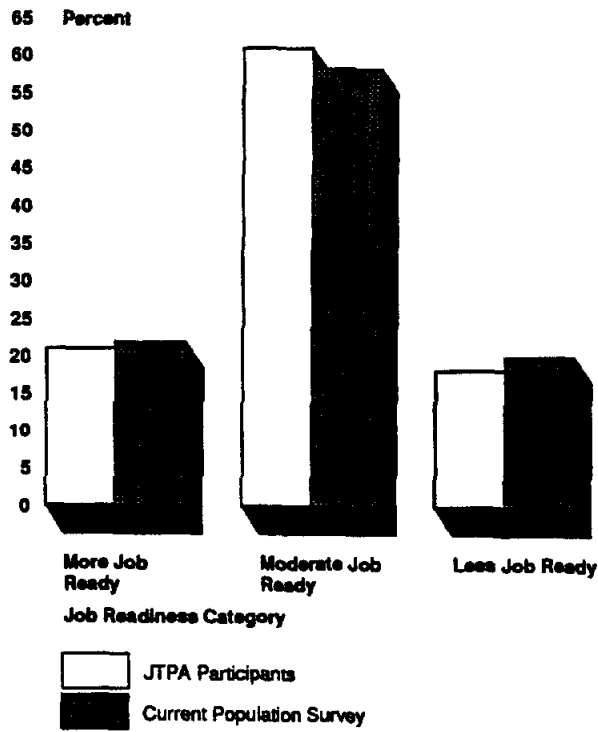
Under the JTPA Advisory Committee's proposal, the three existing JTPA cost categories (administration, supportive services, and training) would be reduced to two--management and services. Management costs would include costs now categorized as administration, currently limited to 15%. The services category would include all other costs including training and supportive services. This, in effect, would allow the service delivery areas to expend 85% of their funds on a combination of training and support services with no limit on the amount that could be spent on one or the other.

While this recommendation would provide service delivery areas even greater flexibility to provide support services to participants, it could also impact on the number of participants served and, more importantly, the extent of training provided. This impact is difficult to predict. However, using our data base, we developed a rough estimate of what it would have cost in the past to provide income support to participants who may have needed it to enroll in training (namely, those who were unemployed or not in the labor force and not receiving AFDC or general relief). Based on the time these participants spent in basic education or occupational classroom training, we estimate the cost of providing them stipends, using the current minimum wage of \$3.35 per hour, would have been \$168 million annually or about 10 percent of the funds allocated to service delivery areas under S.543. However, with incentives to provide greater assistance to more hard-to-serve individuals and more basic skills and longer-term occupational training, the costs of stipends and other support costs could increase significantly.

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This concludes our prepared statement. We will be pleased to work with the subcommittee in its future deliberations on this proposed legislation.

# GAO JTPA Participants Compared to the Eligible Population



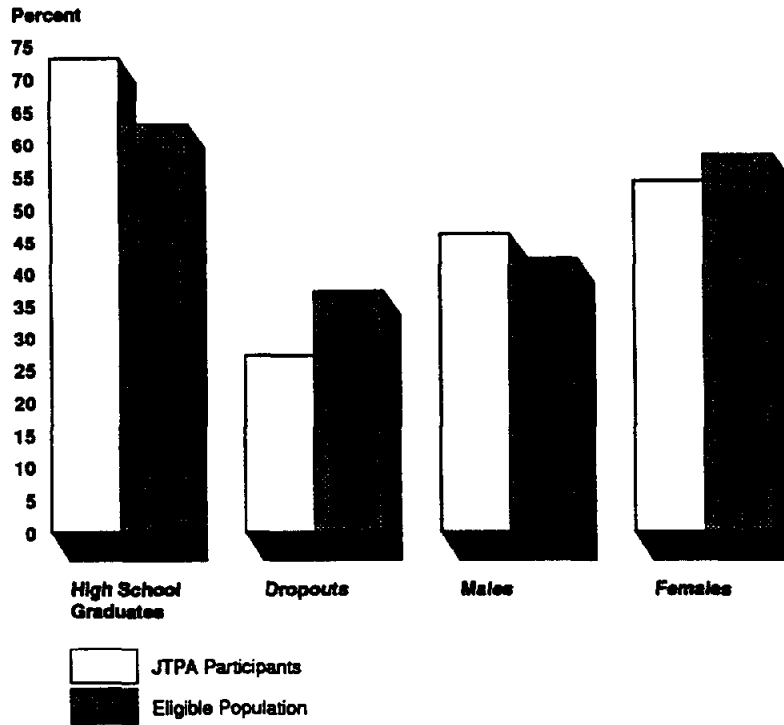
**COMPARISON of JTPA SERVICES**  
**BETWEEN**  
**LESS JOB READY and MORE JOB READY**

	<u>More</u> <u>Job Ready</u> (percent)	<u>Less</u> <u>Job Ready</u>
Receiving Occupational Training	72	60
Receiving Higher Skill Occupational Training	32	16
Receiving Job Search Assistance Only	22	27
Hours of Occupational Training	(hours)	
Planned	630	577
Actual	471	337

## SKILL LEVEL OF JOB BY LEVEL OF TRAINING

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

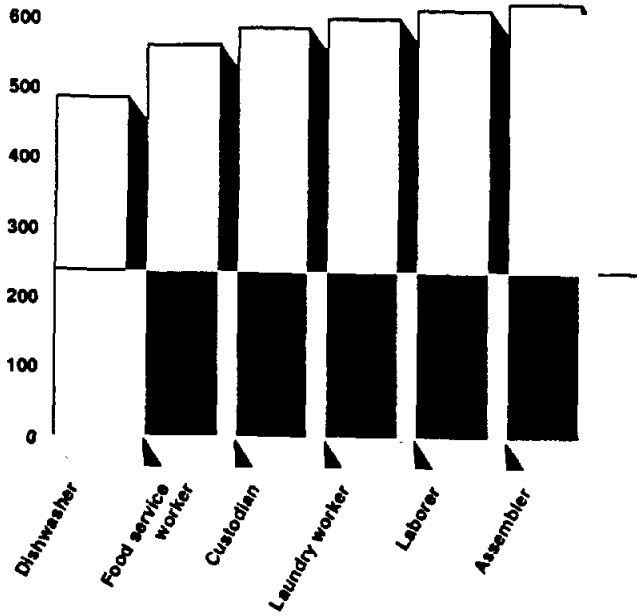
# GAO Comparison Between JTPA and the Eligible Population





# GAO Much Low-Skill OJT Takes Longer Than Necessary

700 Average Number of Hours



— Labor's estimated average training time for less-skilled occupations (240 hours).

EDUCATION and WELFARE STATUS of  
JPTA PARTICIPANTS and ELIGIBLE POPULATION

Adults

	<u>Eligible Population</u> (Percent)	<u>JPTA Participants</u>
AFDC Recipient	26	24
Dropout	37	27
Dropout or AFDC Recipient	30	43
Dropout and AFDC Recipient	33	8

Youth

	<u>Eligible Population</u> (Percent)	<u>JPTA Participants</u>
AFDC Recipient	17	24
Dropout	39	42
Dropout or AFDC Recipient	33	54
Dropout and AFDC Recipient	23	12