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Report to Congressional Requesters

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JOB TRAINING PARTNERSHIP ACT

Services and Outcomes for Participants With Differing Needs

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The Honorable Augustus F. Hawkins
Chairman, Committee on Education and Labor
House of Representatives

The Honorable William F. Goodling
Ranking Minority Member
Committee on Education and Labor
House of Representatives

This report responds to your request for information on the Job Training Partnership Act program and the level of readiness of participants to enter the job market, the services they receive in relation to such job readiness, and their labor market experiences after program termination. It also recommends actions we believe the Department of Labor should take with respect to (1) emphasizing and monitoring the effects of higher skill occupational training and (2) providing guidance on the length of on-the-job training contracts.

Copies of this report are being sent to the Secretary of Labor; the Director, Office of Management and Budget; and other interested parties.

This report was prepared under the direction of William J. Gainer, Director of Education and Employment Issues. Other major contributors are listed in appendix XII.

Lawrence H. Thompson
Assistant Comptroller General

Executive Summary

Purpose

Since its passage in 1983, the Job Training Partnership Act (JTPA) has provided nearly $10 billion to state and local agencies to provide job training to unskilled and economically disadvantaged individuals who need training to obtain employment.

JTPA has been more successful than earlier programs in placing participants in jobs. However, many in the employment and training community have been concerned that local program operators have selected applicants who were more likely to succeed, while avoiding hard-to-serve individuals requiring more training. Because detailed participant and training information was unavailable to address this issue, the Chairman and Ranking Minority Member, House Committee on Education and Labor, asked GAO to study hard-to-serve participants and determine the services they received and the outcomes they experienced relative to less needy participants.

Background

Under JTPA, employment services are provided by over 600 local service delivery areas. These services, provided in classroom or on-the-job training programs, include job search assistance, remedial education, and training for specific occupations. The act requires that services be provided to eligibles who "can benefit from and are most in need of services." However, this term is not clearly defined, and at current funding levels only a small portion of the large eligible population can be served. Thus, debate continues as to which individuals, if any, within the eligible population should be targeted.

GAO surveyed a cross-section of 63 service delivery areas and reviewed records for a sample of participants. GAO analyzed adult participants in terms of their likely ability to function successfully in the labor market without training. Using data on recency of work experience, minority status, educational level, public assistance recipiency, and parental status, GAO identified two groups with significantly differing chances of success in the labor market. Twenty percent of both the sampled participants and the total program eligible population were in the group GAO characterized as least likely to succeed in the labor market (the less job ready); 21 percent of both groups were classified as most likely to succeed (the more job ready). GAO also classified the jobs which participants were trained for (and obtained) into three groups—lower skill, moderate skill, and higher skill. GAO then looked at the outcomes experienced by individuals in these two groups, including the jobs obtained, in relation to the kind and intensity of employment assistance they received. (See pp. 12-24.)

Results in Brief

When it examined enrollment patterns, GAO found little evidence that JTPA is serving disproportionately either the less job ready or the more job ready. Within each group, however, the program tends to underserve high school dropouts.

JTPA programs invested fewer resources in serving less job ready enrollees than in serving more job ready enrollees. The less job ready were less likely to be given occupational training and as likely to be given job search assistance (without training) as the more job ready. Dropouts were provided little remedial education. Overall, GAO concluded that less is invested in those with the greater needs.

More than half of all JTPA participants received either lower skill or nonoccupational training, or placement assistance only. And most of them either did not get a job or obtained a lower skill job. Those who received higher or moderate skill training, on the other hand, tended to get jobs at the same level for which they were trained. These results were obtained not only by the more job ready but also by the less job ready, presumably the group most in need of JTPA assistance. Among the less job ready, the placement rates were lower among those receiving the higher skill training.

Moreover, many on-the-job training contracts with employers provided excessive periods of training. Some of these contracts may come closer to providing wage subsidies to employers than to providing needed training.

Principal Findings

Little Evidence of Targeting

Overall, JTPA was serving the more and less job ready participants in roughly the same proportion as their incidence in the eligible population. This suggests that, nationwide, the program is not targeting services to any particular job readiness group. (See p. 32.)

School Dropouts Underserved

School dropouts were underserved and received little remedial education. About 27 percent of JTPA participants were school dropouts compared to about 37 percent in the eligible population. Moreover, only 12 percent of the dropouts in JTPA received remedial education. About one-

third of dropouts received moderate or higher skill training compared to two-thirds of all program participants. (See p. 35.)

Less Intensive Services to the Less Job Ready

Less job ready participants were provided less intensive services. They were less likely to receive occupational training than the other job readiness groups. When they did receive such training, they received fewer training hours and were less likely to be trained in higher skill jobs. Furthermore, they were as apt to receive only job search assistance as the more job ready. Because training costs likely increase with the intensity of services, it appears that less JTPA funds were being spent on behalf of the less job ready. (See pp. 37 to 39.)

Job Quality Related to Training Received

For the most part, participants obtained jobs with skill levels similar to the skill level of the training received. The majority of those in all job readiness groups who received training in higher or moderate skill occupations obtained such jobs, although the placement rate for the less job ready group was somewhat lower among those receiving the higher skill training. (See p. 50.) About three-fourths of those who received other training or services either did not get a job or got a low skill job. Generally, these placements were in low or no-growth occupations, such as farm workers and laborers, or in occupations with weak wage gains and productivity growth, such as waiters and waitresses.

Low Skill On-The-Job Training

In many instances, on-the-job training contracts appeared to provide wage subsidies to employers. About 43 percent of such contracts were in lower skill occupations, such as custodian and dishwasher. While such training may be appropriate for certain individuals, much of it appeared to be excessively long. Over half of the on-the job-training contracts in lower skill jobs were in excess of Labor's suggested training time. The average time for most of these contracts was more than double the suggested training period, and 87 percent of them were filled by individuals who were among those better prepared to enter the labor market. (See p. 57.)

Recommendations

Much of the low skill training offered under JTPA was for occupations with limited future potential, whereas the higher skill training was generally for occupations with growth potential. In addition, among those who obtained jobs, participants tended to get jobs at skill levels similar to those for which they were trained. Of particular note is that, although

their placement rates were somewhat lower, the less job ready participants who were trained for higher skill jobs tended to get such jobs.

Because more intensive training services are more costly, fewer people are likely to be served under JTPA if such services are offered to each participant. Moreover, GAO's study approach does not permit a determination of the extent to which these outcomes are directly attributable to JTPA or to other factors, such as program selection policies or participant motivation. Furthermore, limitations make it impossible to assess the long-term effects of the different training options or to establish whether any of the options are or are not cost-effective. And, it is unlikely that the data necessary for such analyses will be available in the foreseeable future.

Nonetheless, the fact that substantial numbers of JTPA participants who otherwise appear least ready to obtain employment were able to obtain moderate and higher skill jobs after receiving training for such jobs suggests that a greater emphasis on more intensive training may well provide a means of more effectively assisting the less job ready as well as other participants. Accordingly, GAO recommends that the Secretary of Labor:

- increase JTPA's emphasis on higher and moderate skill occupational training;
- collect data necessary to measure differences in program outcomes associated with such training; and
- monitor the effect of more intensive training on the number of participants the program can serve and on program outcomes, including placement rates experienced by the less job ready receiving higher skill training.

GAO also recommends that the Secretary provide guidance to SDAs to ensure that the length of on-the-job training contracts are commensurate with the skill level of the job involved.

Matters for Congressional Consideration

Should the Congress decide that those who are being served by JTPA or the kind and intensity of services they receive are inappropriate, it may wish to consider providing additional legislative guidance on program targeting and services. In so doing, it may wish to amend the act to include among program performance measures serving individuals who have the characteristics of our less job ready group and are therefore in greater need of assistance and to clarify who is specifically meant by

"those who can benefit from, and who are most in need" of JTPA services.

The Congress should also consider requiring SDAs to assess participants' need for remedial education and ensure that it is provided to those needing it to succeed in the labor market.

In GAO's judgment, adequate participant and training data are not routinely available for program management and oversight. Moreover, the Department of Labor has encountered difficulties in expanding its data collection efforts because of the Office of Management and Budget's reluctance to approve additional program reporting requirements. Thus, such data are unlikely to be available in the foreseeable future unless legislatively mandated. Consequently, the Congress should consider amending JTPA to require states and service delivery areas to collect and report data which would allow the matching of participants to specific training and employment outcomes.

Agency Comments

Labor agreed that JTPA should emphasize moderate and higher skill training when accompanied by appropriate remedial education and outlined several actions designed to redirect the program.

Labor also agreed that monitoring the effects of more intensive training would be beneficial but expressed reservations about collecting the data that would enable it to do this. GAO believes Labor needs to collect additional data to adequately monitor the effect of more intensive training and measure the differences in outcomes associated with such training.

Labor also agreed to provide more explicit guidance to SDAs to ensure that the length of OJT training contracts are commensurate with the skill level of the job involved. (See p. 97.)

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Bibliography

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Abbreviations

AFDC	Aid to Families With Dependent Children
CPS	Current Population Survey
GAO	General Accounting Office
IJR	intermediate job ready
JTPA	Job Training Partnership Act
JTQS	Job Training Quarterly Survey
LJR	less job ready
MJR	more job ready
OJT	on-the-job training
PY	program year
SDA	service delivery area
SSI	Supplemental Security Income

Introduction

The U.S. economy has enjoyed a period of expansion over the past several years, and more people are working today than ever before. Nonetheless, millions of workers still face unemployment. High and chronic unemployment is especially prevalent among certain groups, namely minorities, women heading households, and school dropouts. Since at least 1961, the Congress has funded a series of federal programs to help reduce unemployment through skills training, retraining, and job search assistance. Currently, the Job Training Partnership Act (JTPA) is the nation's premier job training effort for the economically disadvantaged.

JTPA, which replaced the Comprehensive Employment and Training Act in October 1983, represented a major shift in program philosophy and responsibility. The program placed increased emphasis on meeting performance standards and required that most funds be spent for training rather than for administrative costs and support services. It also included increased private sector involvement in program policy-making, planning, and administration and increased the administrative responsibilities of state and local agencies.

A fundamental issue since its implementation has been whether the program is serving those among the eligible population with the greatest need for services. Many in the employment and training community have argued that the diminished overall federal involvement and the increased emphasis on performance standards has resulted in services being directed at those who are more likely to be easily placed in a job on leaving the program, thus ensuring a high level of program success in terms of the number of job placements. This, in turn, has caused the program to exclude those with a greater need for training, a practice commonly known as "creaming". Others believe that this selection practice, if it is occurring, is appropriate since it lets the program successfully serve more individuals at lower average cost. Thus, whether creaming is occurring and whether it is appropriate have been a source of controversy since the program's inception.

Early implementation studies, more recent press reports, and the observations of employment and training practitioners have focused on the issue of creaming and speculated on the extent to which it was occurring. The results ranged widely—some concluded that creaming was occurring on a widespread basis, while others concluded that it was not a significant problem. The controversy still exists and, although this report provides additional insights, will continue primarily because of the lack of sufficient data to confirm or deny its existence or determine its extent. Congressional concern over who was being served (and how

well) by JTPA led to a request for the study that is the subject of this report.

Background

JTPA, which is administered by the Department of Labor, was enacted to provide job training and employment seeking skills to economically disadvantaged individuals who need training or other labor market services to obtain employment. It has received funding of about $3.5 billion annually. Title IIA of JTPA is the largest single program under the act, funded at about $1.9 billion a year. Since implementation, the title IIA program has spent about $10 billion to provide training to about 5 million disadvantaged adults and youth. Job training services are provided in each state by local service delivery areas (SDAs), designated by state governors. SDAs can include one or more units of local government, or the entire state may be served by a single SDA. Nationwide, there are over 600 SDAs.

JTPA is a highly decentralized program compared to its predecessor, the Comprehensive Employment and Training Act. The federal role was greatly reduced by the Congress, and Labor provides broad policy guidance and limited program oversight. As a result, the states and SDAs have considerable autonomy in administering the program.

Generally speaking, individuals are eligible for JTPA if they are economically disadvantaged—a group that is defined primarily by household income but that also includes welfare and food stamp recipients and the handicapped. In addition, the act allows SDAs to enroll a small percentage of individuals who are not economically disadvantaged. Up to 10 percent of the participants may be those who face barriers to employment such as school dropouts, those with limited English proficiency, older workers, veterans, and ex-offenders. Although estimates of the number of eligible individuals range from 10 to 39 million, funding has resulted in service to about 1 million persons per year. Thus, SDAs have a large pool of potential clients. These eligibles vary greatly in terms of the amount and kind of training and services needed to function successfully in the labor market.

The act provides only general guidance on how the program is to be targeted among this large eligible population. It states that services are to be provided "to those who can benefit from, and who are most in need of" such services, and that local programs are to "make efforts to provide equitable services among substantial segments of the eligible population." Neither the act nor its legislative history, provide further

guidance; nor has Labor refined this guidance. The act sets aside 40 percent of title II-A funds for expenditure on youth and specifies that dropouts and certain welfare recipients are to be served in proportion to their incidence in the eligible population. For the most part, however, decisions that must be made regarding who will be served with the limited funds available and the services they will receive are left to the states and SDAs.

JTPA Emphasizes Performance

JTPA is a performance-oriented program. The basic measures of performance are increases in employment and earnings and decreases in welfare dependency among participants. The act requires the Secretary of Labor to establish national performance standards and provides for rewards to SDAs that exceed these standards and for sanctions for those that fail to meet them for 2 years. The Secretary establishes numerical values for each standard. The governors can accept the standards as they are or can adjust them to account for local labor market conditions within individual SDAs by using (1) a Labor adjustment model;[1] (2) the Labor model and further adjusting for unique state or SDA features such as extreme economic conditions; or (3) an alternative adjustment procedure that meets certain parameters prescribed by the Secretary. Over 80 percent of the states used the Labor model to adjust the standards in program year 1985 (PY),[2] whereas two states accepted the national standards as established by the Secretary.

Until recently, individual programs were measured against seven specific standards—four for adults and three for youth. In July 1988, Labor added four adult standards related to post-program performance of participants and a youth standard for measuring the program's ability to increase the long-term employability of youth (employability enhancements). Table 1.1 lists the current adult standards and the numerical values established by the Secretary for measuring performance in program years 1988 and 1989.

[1]Labor uses multiple regression analysis to develop a model for setting and adjusting each of the performance measures. Different factors are included in each model, reflecting those terminee characteristics (such as ethnicity) and economic conditions (such as unemployment rate) that influence program performance for that particular measure.

[2]Program year refers to the 12-month period, from July 1 through the following June 30. Program year 1985 covers the period from July 1, 1985, to June 30, 1986.

Table 1.1: JTPA Performance Standards for Adults in PY 1988 and 1989

Category	Standard
Percent of participants placed in jobs	68
Average hourly wage at job placement	$4.95
Average cost of placement	$4,500
Percent of welfare recipients placed	56
Percent of participants employed at 13-week follow-up	60
Percent of welfare recipients employed at 13-week follow-up	50
Number of weeks worked at follow-up	8
Weekly earnings at follow-up	$177

This performance orientation, coupled with the broad latitude that SDAs are given in selecting who will be served, caused many in the employment and training community to express concerns about whom JTPA is serving. Labor has pointed out that some SDAs may be reluctant to serve those among the eligible population with major barriers to employment, such as limited reading skills, because it likely reduces the number of individuals placed in jobs and the wages they receive while raising the cost of training and placements. Conversely, by serving those with less significant barriers, SDAs can provide shorter duration, less expensive services while enhancing performance as measured against the standards. The act does not prohibit such a practice. However, many practitioners and researchers believe that it results in less effective use of training funds by assisting individuals who are likely to succeed without assistance. Others believe this practice to be cost effective since it permits serving a larger number of individuals at a lower average cost.

Data Linking Participants, Services, and Outcomes Still Unavailable

Labor's data collection system does not readily permit a determination of whether or to what extent "creaming" may be occurring in the aggregate or within SDAs. The information Labor obtains and the manner in which it is collected permits the development of national estimates based on state and SDA-level data but not individual enrollee and terminee characteristics and training services. Furthermore, data are unavailable at either the national, state, or local level on the hours of training provided by training service category.

Labor collects program information through a summary year-end status report and quarterly surveys of a national sample of participants. The year-end status report provides summary data on participant and terminee characteristics, termination status, and performance measures

for all SDAs. The quarterly surveys are used to provide national estimates of JTPA participant and terminee characteristics as well as training and services received and termination outcomes. However, neither document allows state or SDA-level analysis of participant characteristics in relation to the services they receive and the outcomes they experience. For example, researchers are unable to match, at the state or SDA level, the multiple characteristics of individual participants with (1) the kinds of services received, including the number of hours and skill level of training, and (2) the occupations, including skill level, in which they are employed, if any, after leaving the program.

Because Labor has been unable to document the extent to which JTPA is reaching the more difficult to serve, it has expanded its data collection requirements to include information on whether SDAs are reaching such individuals. It has added a requirement for information on (1) those who have reading skills below the 7th grade level and (2) those who are long-term Aid to Families With Dependent Children (AFDC) recipients to data items to be reported by SDAs. Labor withdrew its request to include a third item on "minimal work history" since it was based on an individual's previous 5-year employment history and employment and training practitioners raised serious concerns about the reliability of such data. According to Labor, the above data are needed in order for its adjustment model, used by most states to set performance standards, to adequately account for the severity of client needs or the difficulty in providing services to severely disadvantaged participants. According to Labor, failing to recognize the difficulty of serving the most disadvantaged individuals gives SDAs strong incentives to serve those who are most employable and exclude those who are most in need of training in order to meet or exceed their performance standards.

In spite of these recent changes, Labor will still lack the detailed information on who is being served by JTPA, in what manner, and to what extent. Previous attempts by Labor to expand its data-gathering capability have been only partially successful because of the Office of Management and Budget's reluctance to approve requirements that might be burdensome to the states and SDAs. Thus, as we pointed out in earlier testimony on the necessity to improve JTPA data collection,[3] information important for congressional oversight of JTPA that allows the matching of participants to specific training and successes is still unavailable.

[3]Statement of William J. Gainer, Associate Director, Human Resources Division, Before the Subcommittee on Employment and Productivity, Senate Committee on Labor and Human Resources, March 11, 1986.

Without such information one cannot adequately answer the very important evaluative question: "What services are being provided to which participants and with what outcomes?"

Objectives, Scope, and Methodology

The Chairman and Ranking Minority Member, House Committee on Education and Labor, requested us to undertake a study of JTPA. They noted that too little is known about who are being served in JTPA, what services they are receiving, and what outcomes they are experiencing, information the Committee considered necessary to carry out its oversight function. Specifically, they were "interested in participant level of readiness to enter the job market, the types of services being provided in relation to job readiness and labor market experiences after program termination."

Our study objectives, therefore, were to determine (1) who are being served by JTPA, at both the national and SDA levels, relative to their readiness to enter the job market, the type and intensity of services they receive, and the outcomes they achieve once terminated from the program; (2) how SDAs differ in these respects; and (3) whether JTPA was targeting services to any particular segment of the eligible population.

Data Collection Strategies

Our previous work on Labor's data collection system showed that certain information needed to accomplish these objectives was either lacking in sufficient detail or nonexistent. Therefore, we had to develop our own comprehensive data base of participant and program information that would allow us to project findings both to the universe of SDAs and to the universe of participants. To do this, we randomly selected 63 SDAs from three program size strata. To control costs, we eliminated from consideration SDAs outside the 48 contiguous states. We also eliminated SDAs with fewer than 100 adult or youth terminees during the prior program year. This left 531 agencies, which we stratified as follows:

Table 1.2: Stratification of SDAs by Program Size

Strata	Number of SDAs	Program size (terminees)	Number selected
I	1	15,000 or more	1
II	12	4,000 - 14,999	3
III	518	200 - 3,999	59

We selected our sample from the three strata in order to ensure better representation of SDAs by program size. (The SDAs selected are listed in app.I.)

We then visited these local programs and randomly selected between 150 and 182 adults and youths, depending on program size, from among those who terminated from the program during program year 1985. Program terminees are JTPA participants who have left the program for any reason, including completing of training, dropping out, or entering another training program. We sampled 5,467 adults and 5,325 youths, accumulating detailed file data on

- their characteristics at application,
- the support services they received,
- their program activities (including the number of planned and actual hours, where available, as well as the skills for which they were trained),
- the jobs or other outcomes they achieved at termination, and
- any SDA follow-up data.

(Sampling errors for key estimates used in this report are provided in app. II.)

To verify the validity of our sample, we compared the characteristics of the individuals included in our study with the JTPA eligible population, estimated using the March 1986 supplement to the Current Population Survey (CPS). Because some of those eligible for JTPA are unlikely (or unable) to enroll in the program, we eliminated certain groups from the eligible population. In our opinion, this pared-down group provides a better measure of the eligible population since it contains those more likely to avail themselves of the program services. We eliminated from the CPS sample those who were (1) 61 years or older, (2) receiving Supplemental Security Income (primarily the aged, blind, and disabled), (3) employed full time during the entire previous year, and (4) not working or seeking work during the entire previous year unless they were on AFDC since JTPA emphasizes services to such recipients.[4] These comparisons showed relatively few differences between our sample and the JTPA eligible population. Chapter 3 provides details of these comparisons.

[4]This group may contain individuals specifically targeted by JTPA, such as dropouts; however, in the opinion of our consultants, excluding this group provides a more realistic picture of likely program participants.

We used the data base we developed to analyze who was being served by JTPA, in terms of their individual characteristics, in relation to the kind and number of hours of training received, and the kind and skill level of job obtained. We reviewed reports and articles prepared by researchers in the employment and training field on serving the hard to serve to identify major barriers that prevent individuals from entering and advancing in the labor market. We also reviewed pertinent legislation, including the legislative history of JTPA, and Labor regulations and bulletins. We convened a panel of individuals, recognized within the employment and training community as experts, to review our study methodology, to provide guidance on our approach, and to critique drafts of this report.

Classification of Training Skill Level and Participant Job Readiness

We used two major constructs in analyzing whom JTPA was serving in relation to the services they were provided. First, for participants being trained in specific occupations, we classified the skill level of each position for which they were trained and each job in which they were placed on leaving the JTPA program as being a higher, moderate, or lower skill level position. For example, computer operator and electronic technician are classified as higher skill positions, clerk/typist and cook as moderate, and custodian and farm worker as lower. We received guidance from Bureau of Labor Statistics officials in making these classifications. (See app. III for a listing of occupations by skill level.) Using this approach, we were able to analyze the skill level of the positions for which participants were trained and the jobs they subsequently obtained, if any, in relation to their job readiness classification, which is described below.

Participant Job Readiness Groups

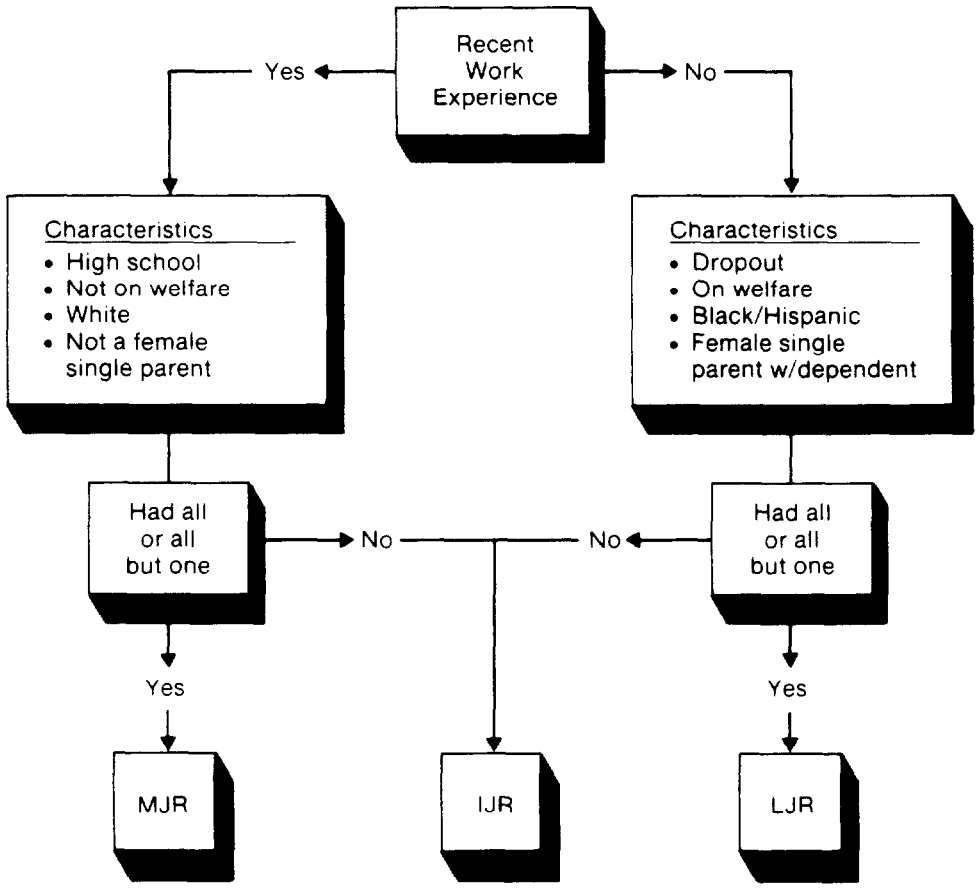
Secondly, in order to better describe those whom JTPA serves, we categorized all adults in our sample into job readiness categories using certain socioeconomic and labor market characteristics at program entry as predictors of likely success in the labor market. We constructed two significantly different groups of eligibles and participants—those who experience less difficulty in the labor market and those who experience more difficulty. This classification also resulted in an intermediate group whose characteristics provided less contrast. For ease of reference we labeled these groups as more job ready (MJR) and less job ready (LJR) with the intermediate group labeled IJR.

We relied on the results of previous research, expert opinion, and the results of our own multiple regression analyses of CPS data to identify

the characteristics most strongly associated with the likelihood of being able to find and maintain employment. (See app. IV for a detailed description of our methodology.) For male adults we used (1) lacking recent work experience, (2) being a school dropout, (3) receiving AFDC or general welfare, and (4) being black or Hispanic as representing those who experience more difficulty in the labor market and, therefore, are in greater need of JTPA services. Conversely, we used (1) having recent work experience, (2) being a high school graduate, (3) not receiving welfare, and (4) being white as characteristics associated with those who experience less difficulty in the labor market. For female adults we used the same characteristics, but added whether or not they were a single parent with a dependent child.

Because having recent work experience is such a strong predictor of how one will fare in the job market, we used this characteristic to initially separate our sample into two groups—those with and those without recent work experience. To form these groups, we used the data on previous work history that was consistently collected by the SDAs ; that is, the number of weeks worked in the 13 weeks before enrolling in JTPA and the number of weeks unemployed in the previous 26. Those who worked 7 or more weeks out of the last 13 before program application or 13 or more weeks out of the previous 26 were considered to have recent work experience. Those who worked fewer than 7 weeks in the previous 13 and fewer than 13 weeks in the previous 26 were counted as lacking recent work experience. (App. V contains a table showing the frequency distribution of weeks worked by sample participants.) Figure 1.1 summarizes how we categorized our sample into job readiness groups.

Figure 1.1: Classification Process for Job Readiness Groups



To illustrate how these categories differentiate groups with significantly differing demographic characteristics and, more importantly, chances of success in the labor market, we analyzed CPS data in two ways.

First, we applied our classification approach to the pared-down JTPA eligible universe as estimated using the March 1986 supplement to the CPS. This provided a comparison group to judge how the program was serving the eligible population. Table 1.3 shows some of the characteristics of the three job readiness groups in the eligible population.

Table 1.3: Characteristics of the Job Readiness Groups

Figures in percent

	MJR	IJR	LJR
Dropouts	19	31	73
AFDC	2	17	77
Race:			
White	85	68	14
Black/Hispanic	15	32	86

Second, we used the CPS matched data files for 1983/84 and 1984/85 to compare the labor market success of the three job readiness groups during each year as well as between years. As shown in table 1.4, the success of each group in each year, measured in terms of annual earnings and weeks worked, was related to their job readiness categorization.

Table 1.4: Labor Market Success of Job Readiness Groups Estimated Using CPS Matched Data Files

	MJR	IJR	LJR
Average annual earnings—first year	$5,652	$2,897	$1,194
Average annual earnings—second year	$7,784	$6,302	$2,734
Average weeks worked—first year	40	17	8
Average weeks worked—second year	39	29	15

Approach to Data Analysis and Limitations

This report discusses the information we accumulated on adults (age 22 or older) only. The data gathered on youths will be used in other JTPA studies. SDA files did not contain information on the cost of individual training courses and services, and Labor does not collect such data. We analyzed our participant data from two major standpoints—(1) whether JTPA proportionately serves each of the job readiness groups in relation to their existence in the eligible population and (2) what are the post-program labor market experiences of participants, relative to the training and services they receive.

In addressing the first issue, we compared the proportion of each job readiness group in our sample with its proportion in the pared-down eligible population as estimated using the CPS. We believe that this analysis provides a reliable and valid estimate of the targeting behavior of JTPA with respect to the legally defined population of eligibles. We were unable to make similar comparisons at the individual SDAs in our sample because the local programs lacked the specific data on the makeup of their eligible population necessary to classify their eligibles into one of the three job readiness groups.

We also developed expectations regarding targeting services to those most in need. In the absence of a specific definition, we used the less job ready as an indicator of those most in need. We formulated these expectations as hypotheses and tested them during our work. The following are our hypotheses:

- Because the less job ready could be expected to need job training services to obtain employment, they would be targeted for JTPA services.
- Because they are less likely than the other groups to have marketable occupational skills, at least as many of the less job ready should receive skill training as the more job ready and for as many hours.
- Because of their lack of recent work experience and basic skills, few of the less job ready would receive only job search assistance.
- Because of their need for more intensive services, the less job ready would, on a per capita basis, receive an equal or a proportionately greater share of JTPA spending.

The remaining chapters of this report contain information bearing on these hypotheses, and Chapter 3 discusses and summarizes our findings on each in detail.

Our analysis of the post-program labor market experiences of JTPA participants is qualitatively different from the analysis discussed above. It should not be viewed as a study of program impact but one of program outcome. The difference between the two is important.

A study of program impact would measure the difference between what participants would have achieved through JTPA, in terms of employment and wages, and what they would have achieved on their own, having never entered the program. It is this difference that can be legitimately attributed to JTPA. Program impact can be measured by comparing the status of two identical groups of people whose only difference is that one group enrolled in JTPA and the other did not. The use of an evaluation methodology known as random assignment, in which eligible individuals are randomly assigned to receive JTPA services or to a control group not receiving such services, is believed to yield the most accurate estimate of program impact.

Program outcome, on the other hand, measures participants' status at program termination, such as whether they received a job, the skill level of the position, and the starting wage. What cannot be measured, however, is what portion of the program outcome is due to JTPA services as

opposed to other factors, such as the condition of the economy, selectivity on the part of the local programs, or unmeasured participant qualities and characteristics such as motivation.

Our review was conducted in accordance with generally accepted government auditing standards.

JTPA Participants, Services, and Outcomes—An Overview

The majority of JTPA adult participants were female, white high school graduates who were not welfare recipients. Most participants received occupational training, either on-the-job or in occupational classroom training programs. A significant portion of participants (26 percent) received only job search assistance. Basic education, such as training to improve one's basic educational skills, and short-term work experience are training services provided to few participants.

About 72 percent of program year 1985 participants were placed in jobs when they left the program. They earned an average hourly wage of $4.96. However, because SDAs were not consistently maintaining follow-up data, we were unable to determine whether participants remained in their jobs for a significant period of time.

Who Is Served by JTPA

Our sample of program year 1985 JTPA participants showed that

- 54 percent were female,
- 42 percent were minorities,
- 27 percent were high school dropouts,
- 24 percent were AFDC recipients, and
- 16 percent were receiving other welfare payments.

As shown in table 2.1, our sample corresponded closely with participant characteristics shown in Labor's annual reports for program years 1985 and 1986.

Table 2.1: Comparison Between GAO Sample and Labor's Annual Report

Figures in percent

	GAO sample	Labor annual report PY85	Labor annual report PY86
Sex:			
Male	46	47	47
Female	54	53	53
Race:			
White	58	55	54
Black	28	30	30
Hispanic	9	12	12
Other	5	4	3
Education:			
Dropout	27	27	27
Student	0	-a	-a
High school graduate or higher	73	73	73
Welfare:			
AFDC	24	-b	22
Other	16	-b	6

[a]Less than 1

[b]Not available

(See app. VI for further comparisons between the GAO sample, the CPS eligible population, and Labor's annual report.)

What Kind of Training Does JTPA Provide?

SDAs provide a variety of employment and training services, either directly or through agreements or contracts with other service providers. For the most part, these services can be categorized as shown in table 2.2.

Table 2.2: Description of JTPA Activities

Activity	Description
Occupational classroom training	Teaches technical skills for specific jobs, such as clerk-typist or medical assistant.
Basic education	Provides training to improve basic educational skills, earn a high school equivalency degree, or improve knowledge of the English language.
On-the-job training	Employer provides training in a specific occupation, such as machine operator. Normally, the employer is reimbursed for half of the participant's wages.
Work experience	Provides short-term or part-time work designed to develop good work habits and basic work skills.
Job search assistance	Provides assistance in locating, applying for, and/or obtaining a job.

We estimate that JTPA program terminees in program year 1985 spent an average of about 18 weeks in the program, from enrollment to termination. During that time, they received either occupational training in specific occupations, basic education skills, job search assistance, work experience, or some combination of these.

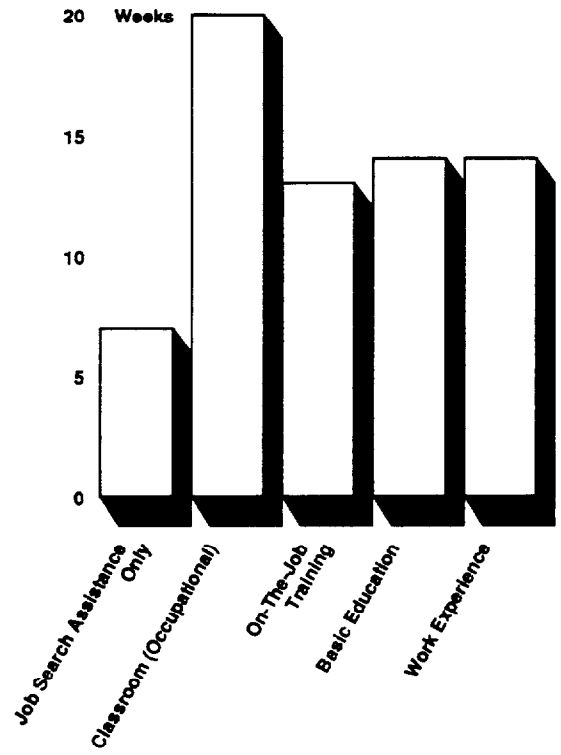
The majority of JTPA participants (66 percent) received training in specific occupational skills, including about 31 percent in classroom occupational training and 35 percent in on-the-job training (OJT). Occupational training was the only training category for which we could consistently gather the number of hours spent in training. Participants in classroom occupational training spent, on average, 415 hours in training and averaged about 20 weeks in the program. OJT participants spent an average of 436 hours in training and were enrolled in that activity for an average of about 13 weeks.

Job search assistance only was the next largest activity provided to program participants. Most JTPA enrollees receive some job search assistance, such as instruction in completing a job application or in preparing for a job interview. About one-fourth of program year 1985 terminees received only job search assistance. These participants spent a little over 8 weeks in the program.

Basic education and work experience were the least frequent kinds of training provided. About 6 percent of the participants received basic education, and about 3 percent received work experience. The average time spent in the program was about the same for both activities—approximately 14 weeks.

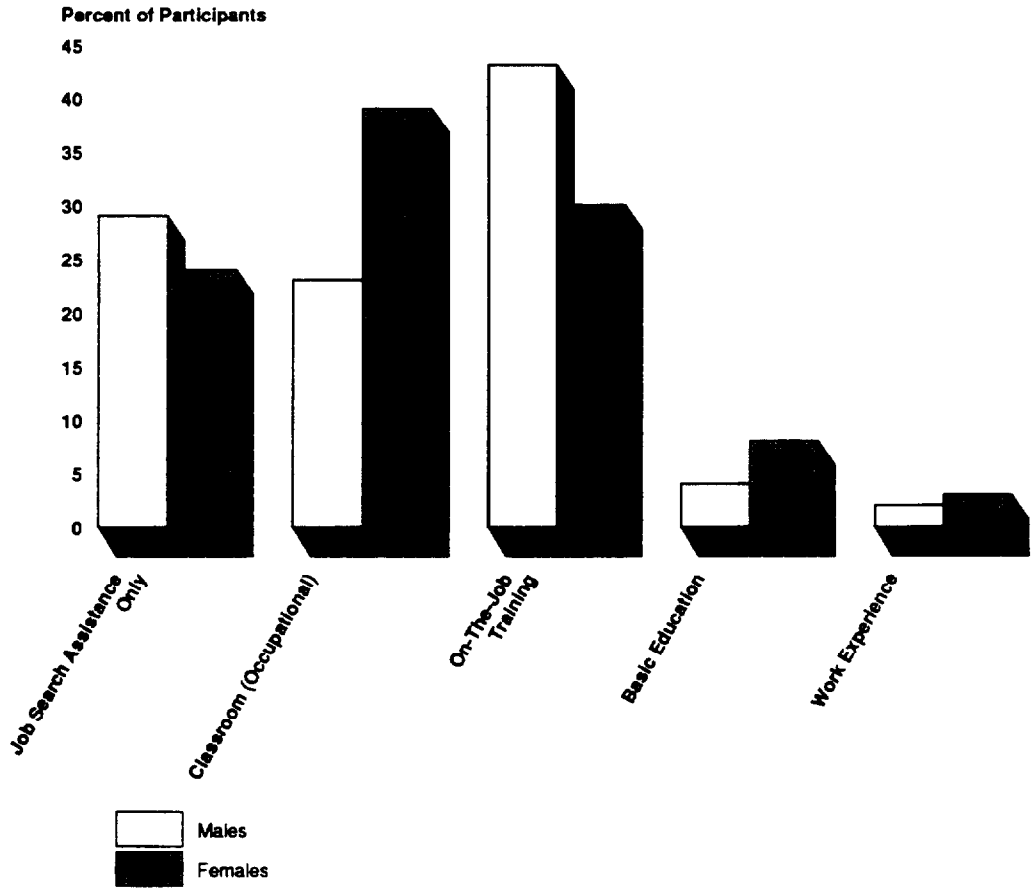
Figure 2.1 summarizes the training services provided in relation to the average time spent in each category.

Figure 2.1: Average Weeks Spent in Program Activities



There were some differences in the training provided to males and females; most notably, males tended to receive OJT whereas females were more likely to get classroom occupational training. Figure 2.2 summarizes the training provided to males and females.

Figure 2.2: Training Provided to Males and Females



Do Program Participants Get Jobs?

Under the act, standards established by Labor for measuring program performance may include placement and retention in unsubsidized employment. While data are available on the number of participants initially placed in jobs upon program termination, relatively little is known about how long these individuals continue in employment. Labor did not begin to collect routine follow-up data on terminees until July 1986. At that time, SDAs were required to begin following up on all or a sample of their terminees 13 weeks after leaving the program. While this effort provides some indication of short-term retention, it does not provide information on long-term success.

About 72 percent of the program year 1985 adult terminees, nationwide, were placed in jobs after leaving the program at an average hourly wage

of $4.96. However, because SDAs did not collect follow-up data on their terminees or did so inconsistently, we were unable to determine how long those placed in jobs retained them.

The highest rate of job placement was for those who received only job search assistance.[1] The hourly wage at placement was somewhat higher for those receiving occupational training. Table 2.3 summarizes placements and wages by training services.

Table 2.3: Placement Rates and Wages by Training Activity

Type of training	Percent placed	Average hourly wage
Job search assistance only	78	$4.89
Occupational training	73	5.02
Non-occupational training	55	4.52

Twenty-eight percent of the terminees were not placed in jobs. About one-third of these participants left the program after the SDAs' job-seeking efforts failed to find them employment. Another 20 percent were terminated from the program because they refused to continue their training. Approximately 16 percent were terminated from the program because they moved from the area or could not be located. About 8 percent left because they had health or family care problems, and about 5 percent either returned to school, entered another training program, or joined the armed forces. Other reasons for termination included transportation problems, personal problems, or legal difficulties.

Upon looking at the outcomes for males and females separately, we noted that about 75 percent of the males in our sample were placed in jobs compared to about 70 of the females. The average placement wage was $5.23 per hour for males and $4.65 for females. Table 2.4 shows the most frequent positions in which participants in our sample were placed.

[1]Some practitioners believe that this may be explained by the practice of some SDAs to count individuals receiving only job search assistance as enrollees only after they have been placed in a job, thus increasing the percentage of participants placed.

Table 2.4: Most Frequent Jobs Obtained by Males and Females

Males		Females	
Job	**Percent**	**Job**	**Percent**
Custodian	7.7	Clerk/typist	11.4
Laborer	6.4	Nurse's aide	5.8
Machine operator	5.1	Secretary	5.7
Assembler	3.7	Cashier	5.4
Sales	3.5	Assembler	4.5
Truck driver	3.2	Machine operator	4.2

JTPA Services Apparently Not Targeted to the Less Job Ready

As discussed in chapter 1, the question of whether JTPA services are targeted to those in the greatest need has been a matter of controversy since the program was first implemented. A major focus of our work was to provide additional insight into this question. In planning our work, we first developed a method for characterizing participants in terms of relative need for training and then formulated a number of global hypotheses regarding targeted services provided to these job readiness groups. These hypotheses, in essence, state that given the program's mandate to serve those in greater relative need, such individuals might be expected to (1) receive assistance in greater proportion than their representation among the eligibles and (2) receive services at least equal in kind and intensity to those provided the more job ready. Our analysis disproved these hypotheses. While for broadly defined need groups among the eligibles, program services were generally provided equitably, there was no evidence that service were being targeted to those that were in relatively greater need of assistance. In fact, that group of participants tended to receive less intensive services than those who were more job ready. Table 3.1 summarizes these hypotheses, along with characterizations of how JTPA actually allocates services among participants.

Table 3.1: JTPA Expectations and Program Experiences

Hypotheses Regarding Program Targeting	Actual program experience
The less job ready would:	The less job ready were:
Be overrepresented among participants as compared to their representation in the eligible population.	Served in rough proportion to their incidence in the eligible population, suggesting that targeting is not occurring (dropouts underserved in all job readiness groups)
Receive as much skill training as the more job ready and for as many hours.	Less likely to receive skill training and when they do, they get fewer hours.
Be less likely to receive job search assistance only.	Likely to receive at least as much job search assistance only as the more job ready
Receive a proportionate share of JTPA funding.	Apparently receiving less per capita funding than the more job ready.

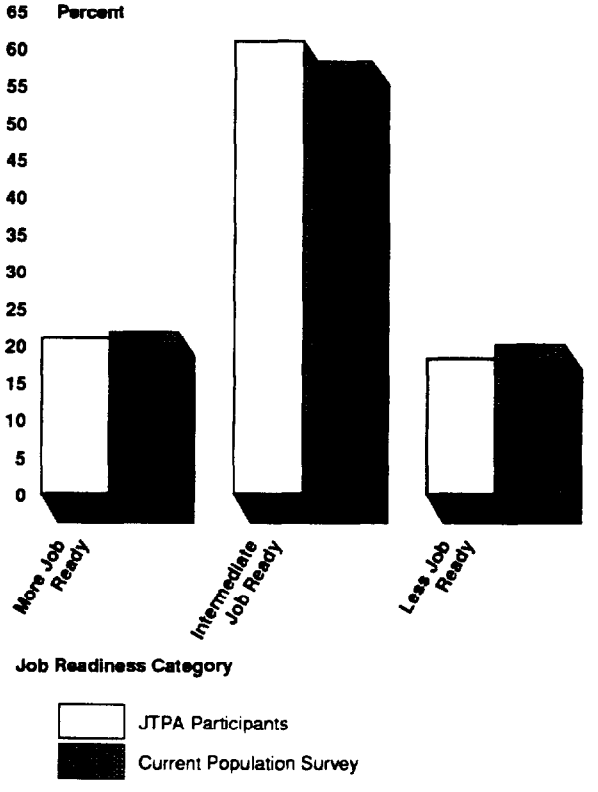
This chapter summarizes the results of our analysis of program targeting. Chapter 4 will provide additional details on training and other services provided to, and program outcomes experienced by, each of the three job readiness groups.

Little Evidence of Targeting

To provide insight regarding service to those most in need, we compared the percentage of JTPA participants in each job readiness group to the corresponding groups in the pared-down eligible universe estimated

using the CPS. We found that, overall, JTPA appears to be serving these three job readiness groups in roughly the same proportion as their incidence among those eligible.

Figure 3.1: Comparison of JTPA Participants to the CPS



Overall, we estimate that JTPA is serving about 6 percent of the total estimated eligible population and about 6 percent of each of the estimated job readiness groups. This suggests that, nationwide, JTPA is not targeting services to any particular job readiness group among those eligible. Because of the lack of comparable data on the makeup of the eligible population at the local level, we were unable to make similar comparisons at individual SDAs. Thus, we were unable to determine whether local programs were targeting services to job readiness groups relative to their representation in the local eligible population. (See app.

VII for the extent to which SDAs served the different job readiness groups.)

We also compared the makeup of the individual characteristics of the three job readiness groups within our sample with those of the eligible population. This comparison showed that those in our participant sample appeared to be better educated—that is, they were more likely to have completed high school. Among the three job readiness groups, the most notable differences were among the less job ready. The less job ready in our sample were less likely to be a dropout, a minority, a single parent, or an AFDC recipient, than were individuals in the eligible population.

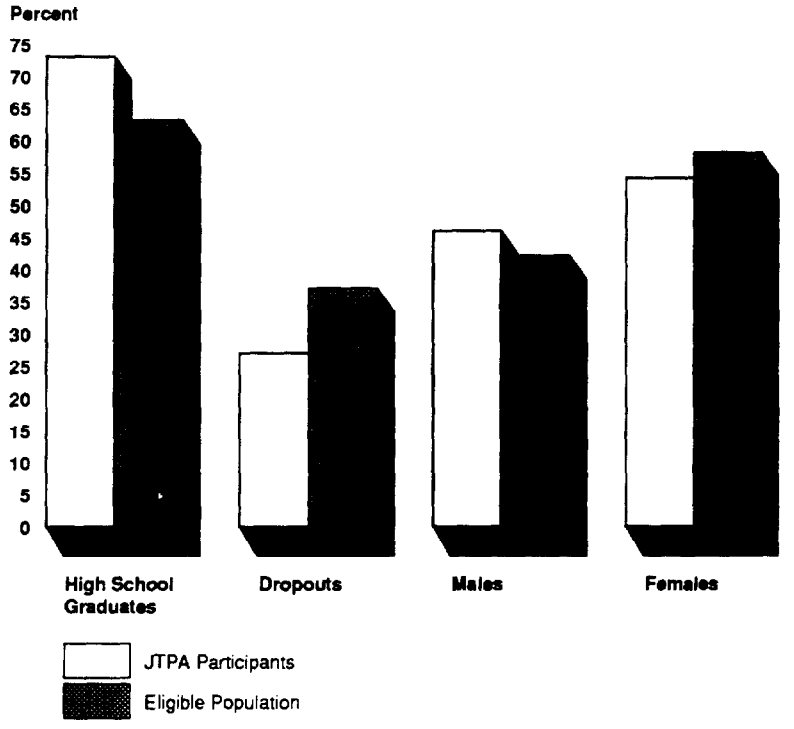
Table 3.2: Characteristics of Job Readiness Groups—GAO Sample and CPS

Figures in percent

	MJR		IJR		LJR	
Characteristics	**GAO**	**CPS**	**GAO**	**CPS**	**GAO**	**CPS**
Dropouts	13	19	20	31	61	73
Race:						
White	78	85	64	68	17	14
Black/Hispanic	22	15	36	32	83	86
AFDC	4	2	18	17	66	77
Single parent	10	9	26	21	60	68
Work experience	100	100	13	14	0	0
No work experience	0	0	87	86	100	100

We also compared the individual characteristics of all adults in our sample with the estimated eligible population. Our comparison showed relatively little difference in the age, parental status, and percentage of AFDC recipients among these two groups. The mean age was about 30 years, about 30 percent of the participants were single parents, and about 25 percent were on AFDC. However, as shown in figure 3.2, there were differences in other characteristics.

Figure 3.2: JTPA Compared to the Eligible Population



The most significant difference was once again in the education level of the participants versus the eligible population.

Dropouts Are Underserved by JTPA

The act requires that school dropouts be served in proportion to their representation in the eligible population. Approximately 47 percent of the eligible adult population were dropouts (or 37 percent in the pared-down estimate used predominately in this report) compared to about 27 percent of the participants enrolled by JTPA. Thus, on a nationwide basis, dropouts are underserved.

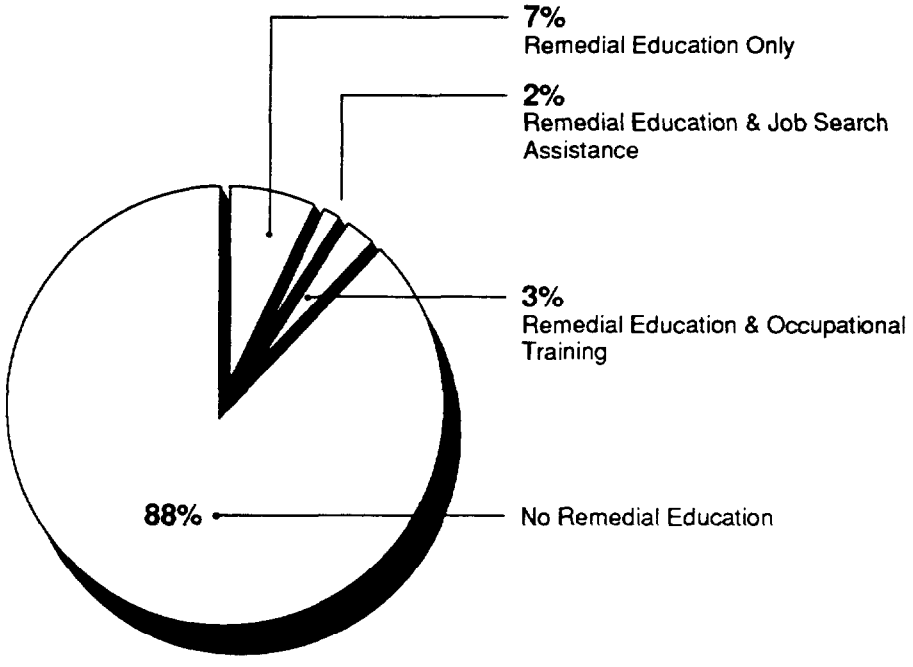
Prior research has shown that labor market opportunities for school dropouts are poor. Their unemployment rates are far higher than those of their graduate counterparts, and they are less likely to be seeking work. Furthermore, dropouts who are employed have lower earnings.

are more likely to be in semiskilled manual jobs, and work in lower quality jobs (for example, with poorer working conditions) than high school graduates.

Long-term joblessness is concentrated among those who have dropped out of school and especially among the poor and minorities, many of whom reach adulthood with little or no work experience. Among both the eligible population and the participants in our sample, most dropouts (about 80 percent) lacked recent work experience, a condition that further diminishes their likelihood of success in the labor market.

In general, dropouts, particularly those without recent work experience, could be expected to improve their chances of success in the labor market through remedial education, occupational training, or both. However, as shown in figure 3.3, relatively few of the dropouts served by JTPA—12 percent—received any remedial education, either alone or in combination with some other job training service.

Figure 3.3: Dropouts Receiving Remedial Education



Dropouts were less likely than participants overall to receive occupational training in moderate or higher skill positions. About 37 percent of the dropouts received such training, compared to 66 percent of the participants overall. Another 23 percent of the dropouts received lower skill occupational training and 25 percent received only job search assistance, compared to 19 percent and 26 percent of all participants, respectively.

Our study includes data only on those activities provided by SDAs using JTPA state-allocated funds. We were unable to readily determine the extent to which dropouts may have received remedial education with JTPA funds set aside by the states for educational programs or under other state or local programs.

Less Job Ready Receive Less Occupational Training

Occupational training was the most prevalent service provided to the three job readiness groups; however, a smaller percentage of the less job ready received such training. Approximately 60 percent of the less job ready group received occupational training, compared to 66 percent of the intermediate group and 72 percent of the more job ready. In addition, the average length of time spent in occupational training was shorter for the less job ready (337 hours) than for the intermediate (432 hours) or the more job ready (471 hours). This was also true with respect to the number of planned hours of occupational training—577 hours for the less job ready, 606 for the intermediate group, and 630 for the more job ready.

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

Less Job Ready Often Get Only Job Search Assistance

Job search assistance is an important element in finding employment for JTPA participants. For participants who are ready to enter the labor market, additional training may be unnecessary. Nationwide, about 22 percent of the more job ready participants received only job search assistance), compared to about 27 percent of the less job ready participants. While these differences were not statistically significant, they indicate that the less job ready were receiving at least as much job search assistance only as the most job ready.

As shown in table 3.3, SDAs found jobs for about 80 percent of the more job ready participants who received only job search assistance. Furthermore, over half (56 percent) of these jobs were in moderate or higher skill occupations paying an average starting wage of $5.48 per hour. Less job ready participants who received only job search assistance did not fare as well. Although almost three-fourths of these participants obtained jobs, almost two out of three jobs were in lower skill occupations paying an average starting wage of $4.52 per hour.

Table 3.3: Job Search Assistance Only—Outcomes by Job Readiness Group

Job readiness group	Percent placed	Skill level of placement	
		High/Moderate	Low
MJR	80	56 ($5.48)	44 ($4.71)
LJR	73	37 ($4.64)	63 ($4.52)

In contrast, the less job ready participants who received occupational training in moderate or higher skill occupations obtained better jobs at higher wages. While about 56 percent obtained jobs, almost all of the jobs (92 percent) for these participants were in moderate or higher skill occupations paying an average wage of $5.24 per hour. (This apparent benefit of occupational training is discussed in greater detail in ch.4.)

These statistics appear to be consistent with prior research on the advantage of more intensive interventions as compared to job placement services. For example, a report by Mathematica Policy Research, Inc., concluded that

"... job search assistance programs, which tend to be short-term and low cost, can be expected to have small but persistent impacts on employment and earnings, but to lead only to very small and relatively short-lived reductions in welfare receipt. In contrast, the longer and more expensive employment and training services seem to have sizeable, lasting impacts on earnings ..."[1]

[1]Rebecca Maynard and others. A Design of a Social Demonstration of Targeted Employment Services for AFDC Recipients. Mathematica Policy Research, Inc., June 13, 1986.

More JTPA Funds Apparently Spent on More Job Ready Than Less Job Ready

Several studies have pointed out that the greater the intensity of the training services, the greater the cost.[2] In addition, the Labor Office of Inspector General's report on JTPA[3] indicated that the cost of job search assistance was about half the cost of training in specific occupations. As previously indicated, the less job ready were less likely to receive occupational training as the more job ready and spent, on average, less time in occupational training than the more job ready. In addition, a greater proportion of the less job ready were provided job search assistance only than the more job ready. Because the more job ready tend to get more resource-intensive services, more money per capita is likely being spent on the more job ready than the less job ready.

Conclusions

The JTPA legislation states that the program is to serve those who could benefit from and are most in need of services. JTPA has not targeted those with the greatest need for employment and training services, as we have defined that group, namely, the less job ready. Instead, it was serving the three job readiness groups in rough proportion to their existence in the eligible population. However, the less job ready were receiving services that were less intensive than those provided to the more job ready.

It appeared that the program was serving, at least in proportion to their existence in the eligible population, groups who traditionally have experienced difficulty in entering the labor market. These groups include females, minorities, and AFDC recipients. However, one group specifically targeted by the act—school dropouts—was underrepresented in the program. Dropouts who were served by JTPA were also unlikely to receive, under the program, the remedial education needed to address this educational barrier.

Given that JTPA serves only about 6 percent of the eligible population, it would appear that there is ample opportunity to select from that population individuals who have a greater need for services, yet nonetheless have a good probability of benefiting from training. However, because serving those who are less prepared for the labor market likely costs more, any decisions regarding targeting of JTPA services will involve

[2]Burt S. Barnow and Jill Constantine, Using Performance Management to Encourage Services to Hard-to-Serve Individuals in JTPA, ICF Incorporated, February 16, 1988; and Gordon Berlin, Andrew Sum, and Robert Taggart, Cutting Through the Gordian Knot.

[3]Audit of JTPA Participant Training and Services, Report I—Participant Training and Employment, Office of Inspector General, Department of Labor (Rpt. No: 06-86-801-03-340), January 25, 1988.

trade-offs between the higher cost of providing more intensive services and a smaller number of participants who can be served, as well as the number versus the quality of job placements.

Matters for Consideration by the Congress

The act is vague as to what is specifically meant by "those who can benefit from, and who are most in need" of JTPA services. Interpretation of this term is left to the individual states and SDAs. Should the Congress decide that those who are being served by the program, as well as the kind and intensity of services they receive, are inappropriate, it could consider providing additional legislative guidance. In so doing, it may wish to amend the act to (1) clarify what is meant by the above term and (2) include among the factors on which program performance is measured, the extent to which SDAs serve individuals who have the characteristics of those we have categorized as less job ready.

The Congress should also consider amending the act to require SDAs to assess participants' need for remedial education and to ensure that such training is provided, either through JTPA or other available programs, to those who need it in order to succeed in the labor market.

Occupational Training and the Quality of Job Placements

The majority of JTPA participants received occupational training, and much of this was for jobs with growth potential. Furthermore, among all job readiness groups, those who were trained for moderate or higher skill level occupations and were placed tended to get moderate or higher skill level jobs. Yet many participants received only job search assistance, nonoccupational training, or occupational training for lower skill jobs with little growth potential. Moreover, some of this lower skill training was for excessive periods using subsidized on-the-job training.

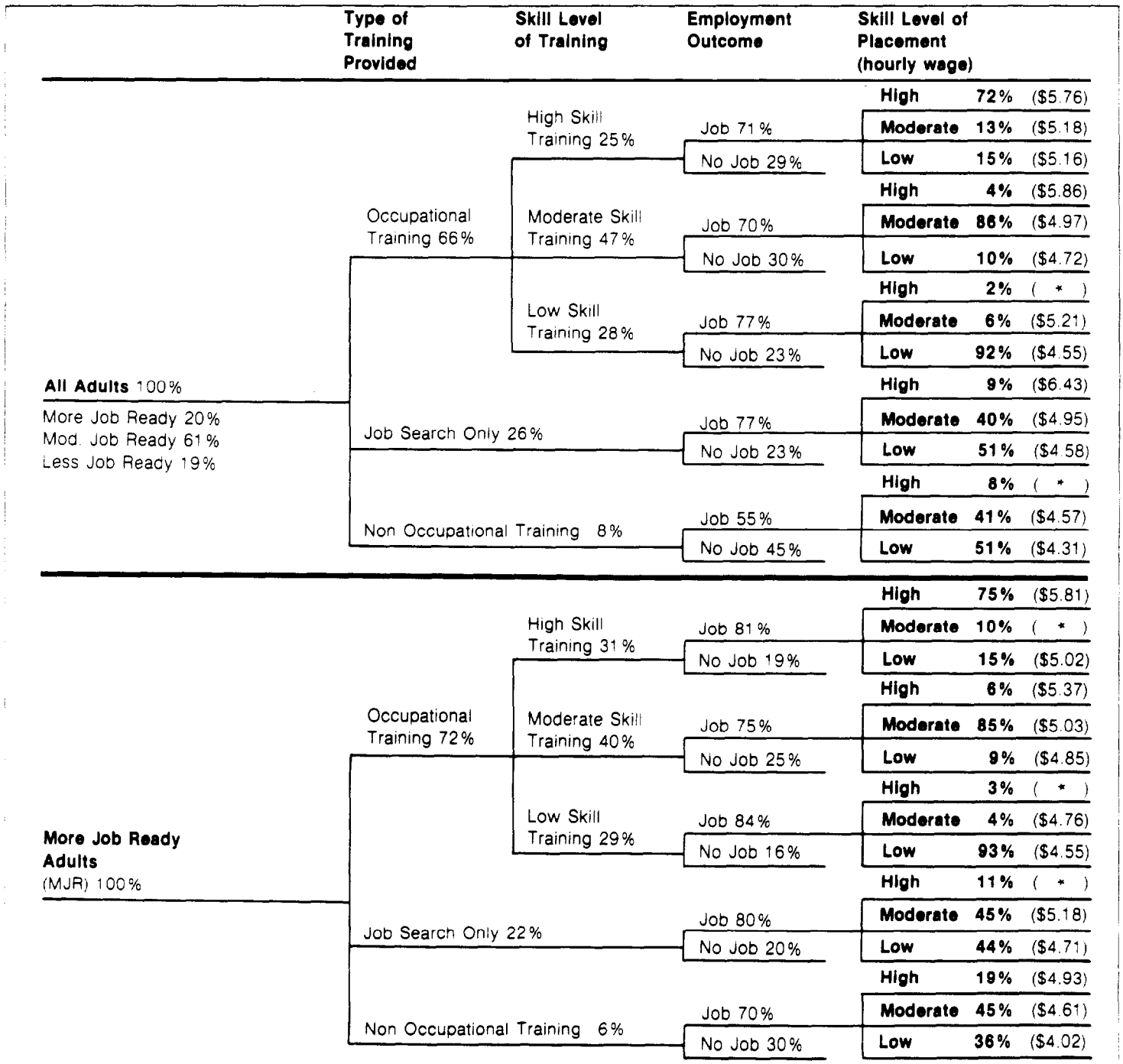
Specifically, we found that:

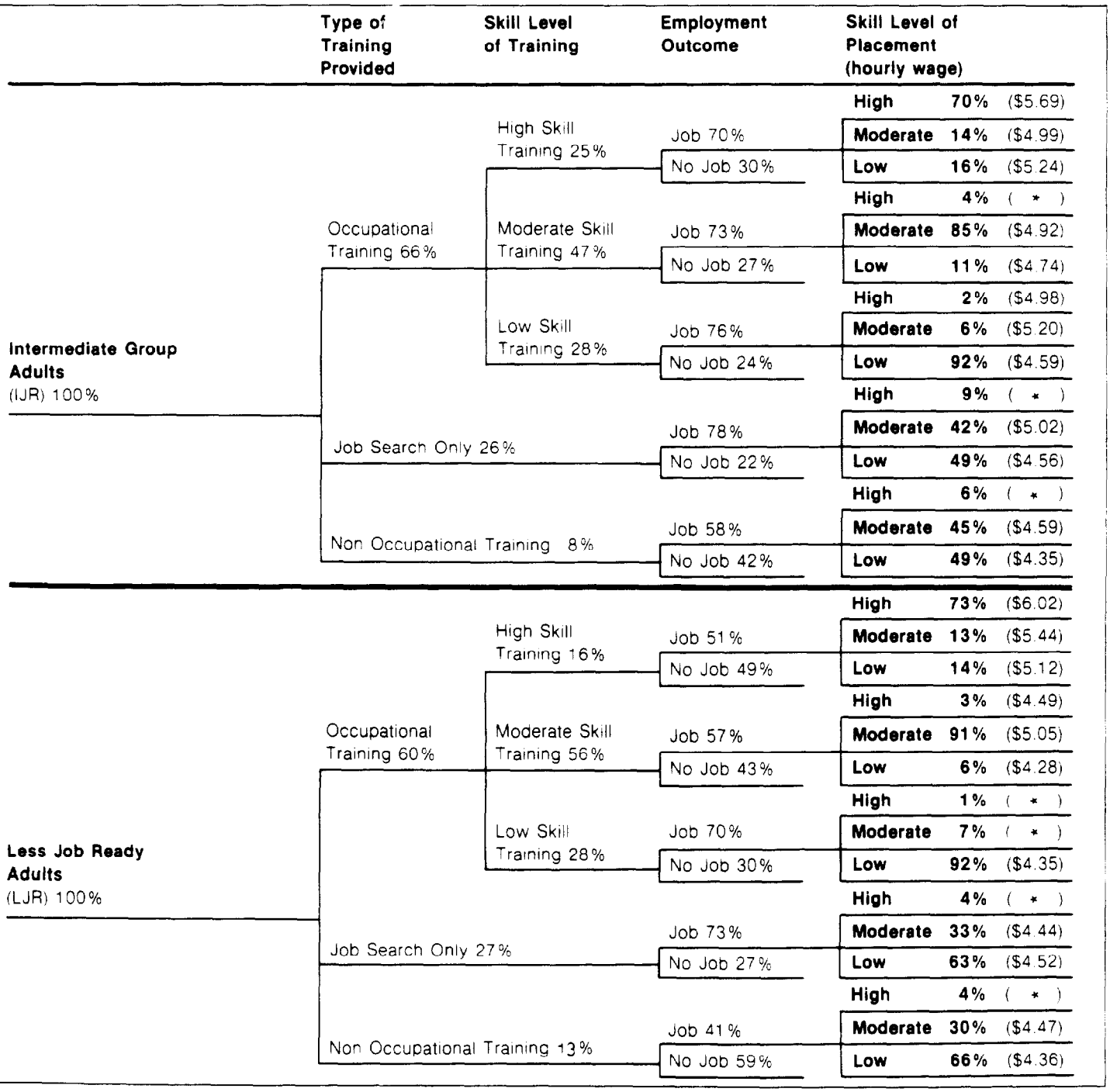
- JTPA participants who received occupational training generally obtained better jobs at higher wages than those who received nonoccupational training or job search assistance without training.
- Participants trained in higher or moderate skill occupations were more apt to obtain higher or moderate skill jobs, regardless of the participants' job readiness category.
- The less job ready who were trained for the moderate and higher skill jobs were less likely to be placed in a job than were those who received other kinds of training. However, those less job ready persons who were trained for higher level occupations and were not placed generally failed to complete their training.
- A significant percentage of participants did not receive higher or moderate skill training and, generally, they either did not obtain jobs or got lower skill jobs with lower wages and little growth potential.
- The projected outlook for the higher or moderate skill occupations provided by local SDAs is much more positive through the year 2000 than the lower skill occupations for which they provide training.
- More than 40 percent of on-the-job training was for lower skill jobs with much of this training provided for apparently excessive lengths of time.

Because we have not performed an impact evaluation with a control group, we cannot draw explicit conclusions regarding net program impact. Nonetheless, our work provides important insights into the possible relationships between the kind of services provided and occupational outcomes for participants.

Figure 4.1 provides an overview of the training provided and the job placements, by job skill level, for all adults and for each of the three job readiness groups. Later sections of this chapter focus on specific data from these figures to illustrate key points regarding program services in relation to placements and wages.

Figure 4.1: Services and Outcomes by Skill Level





*These wages are not shown because the sampling error was too large (± $1 or more)

Wide Range of Occupational Training Provided

As noted earlier, occupational training was the largest activity provided to participants, with about two-thirds receiving either occupational classroom or on-the-job training. The remaining participants either received only job search assistance or received nonoccupational training, such as basic education or work experience. However, the extent to which individual SDAs provided occupational training to their adult participants varied, ranging from 23 to 100 percent.

Among the job readiness groups, the training provided each group was generally similar, except that a somewhat larger percentage of those who were more job ready received occupational training than those who were less job ready. Table 4.1 summarizes the training provided[1] in relation to job readiness.

Table 4.1: Participation in JTPA Activities by Job Readiness Groups

Figures in percent

Job readiness category	Job Search assistance only	Occupational training	Nonoccupational training	Total
MJR	22	72	6	100
IJR	26	66	8	100
LJR	27	60	13	100
Overall average	26	66	8	100

SDAs varied in the extent to which they provided occupational training to each job readiness group. Approximately one in six SDAs provided occupational training to all of their more job ready participants and most (an average of 80 percent) of their less job ready participants. About 1 in 10 SDAs provided occupational training to all less job ready participants and nearly all (an average of 91 percent) of their more job ready participants. A few SDAs (about 1 percent) provided occupational training to all their participants.

Table 4.2 shows the variation between the SDAs providing the most occupational training (top quartile) and those providing the least (bottom quartile) in terms of how they trained individuals in each job readiness group.

[1] As previously noted, basic education and work experience are grouped and called nonoccupational training; classroom occupational training and on-the-job training are combined and referred to as occupational training.

Table 4.2: Adult Participants Receiving Occupational Training

Figures in percent

Job Readiness group	Top quartile	Bottom quartile	All SDAs
MJR	99	36	72
IJR	90	29	66
LJR	96	29	60
Total adults	**92**	**31**	**66**

JTPA provided occupational training in a variety of occupations that we classified as higher, moderate, or lower skill.[2] Table 4.3 lists the most frequent occupations by skill level for which participants were trained.

Table 4.3: Distribution of Typical Training Occupations by Relative Skill Level

	Percent
Lower skill:	
Machine operator	18
Assembler	13
Custodian	12
Food service worker	7
Cashier	7
Farm worker	4
Laborer	4
Housekeeper	4
Packer	3
Day care provider	3
Stock clerk	2
Dishwasher	2
Textile worker	2
Moderate skill:	
Clerk/typist	26
Secretary	8
Nurse's aide	6
Salesperson	6
Word processor	6
Bookkeeper	6
Truck driver	4
Cook	3
Construction trades	3
Health care worker	3

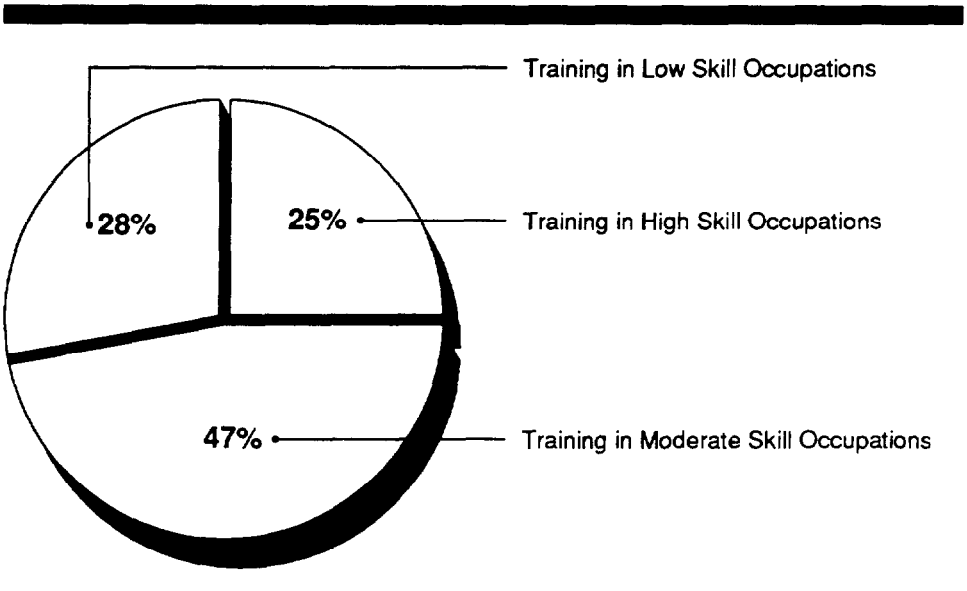
(continued)

[2]Our classification decisions were guided by advice from officials from Labor's Bureau of Labor Statistics.

	Percent
Security guard	2
Auto body repair	2
Keypunch operator	1
Higher Skill:	
Electronic technician	17
Licensed practical nurse	10
Computer operator	7
Machinist	7
Auto mechanic	7
Management occupations	7
Welder	6
Carpentry trades	5
Electrical trades	4
Cosmetologist	3
Drafting	2
Machine repair	2

Much of the occupational training that was provided was in moderate skill positions (see fig. 4.2).

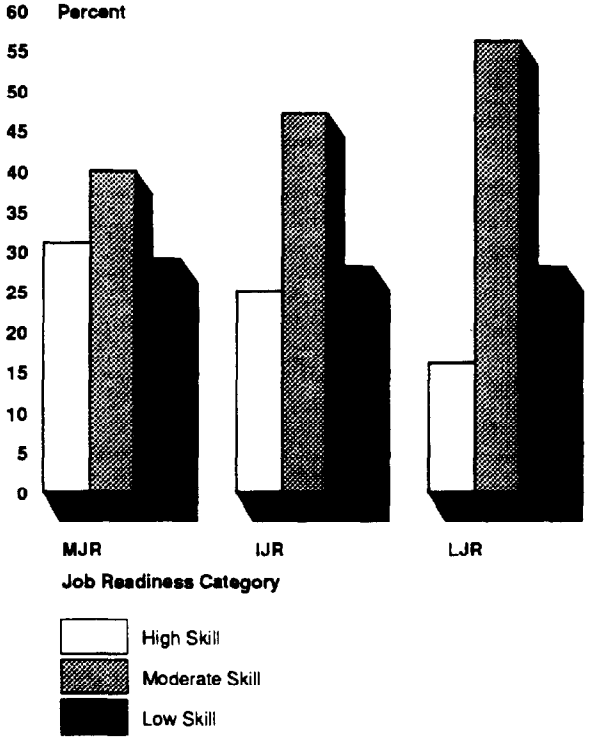
Figure 4.2: An Additional Look at Training



Training in higher skill occupations was provided more frequently to the more job ready, with about 31 percent receiving occupational training

for higher skill jobs. The majority of those who were less job ready (56 percent) received training in moderate skill positions. Training in lower skill occupations was provided to all three groups about equally, approximately 28 percent (see fig. 4.3).

Figure 4.3: Percent Receiving Various Skill Levels of Occupational Training



There was extensive variation in the amount of higher and moderate skill occupational training provided by the SDAs. The percentage of such training ranged from 35 to 100 percent. Overall, 72 percent of the occupational training was in moderate or higher skill occupations.

Training in Relation to Employment

Our methodology does not permit an evaluation of the program's impact on participants' post-program experiences; that is, the extent to which JTPA contributed to the outcomes they achieved. Instead, we evaluated the training they received in relation to their status at program termination. (See p. 20 for a detailed discussion of the differences between these

two approaches.) Nonetheless, our approach allows us to calculate some gross measures of employment and wage rates at program completion and provides insights into the relationship between the quality of job obtained and the kind of training received. This relationship, demonstrated for the first time in a major federal training program, is described in much of the remainder of this chapter.

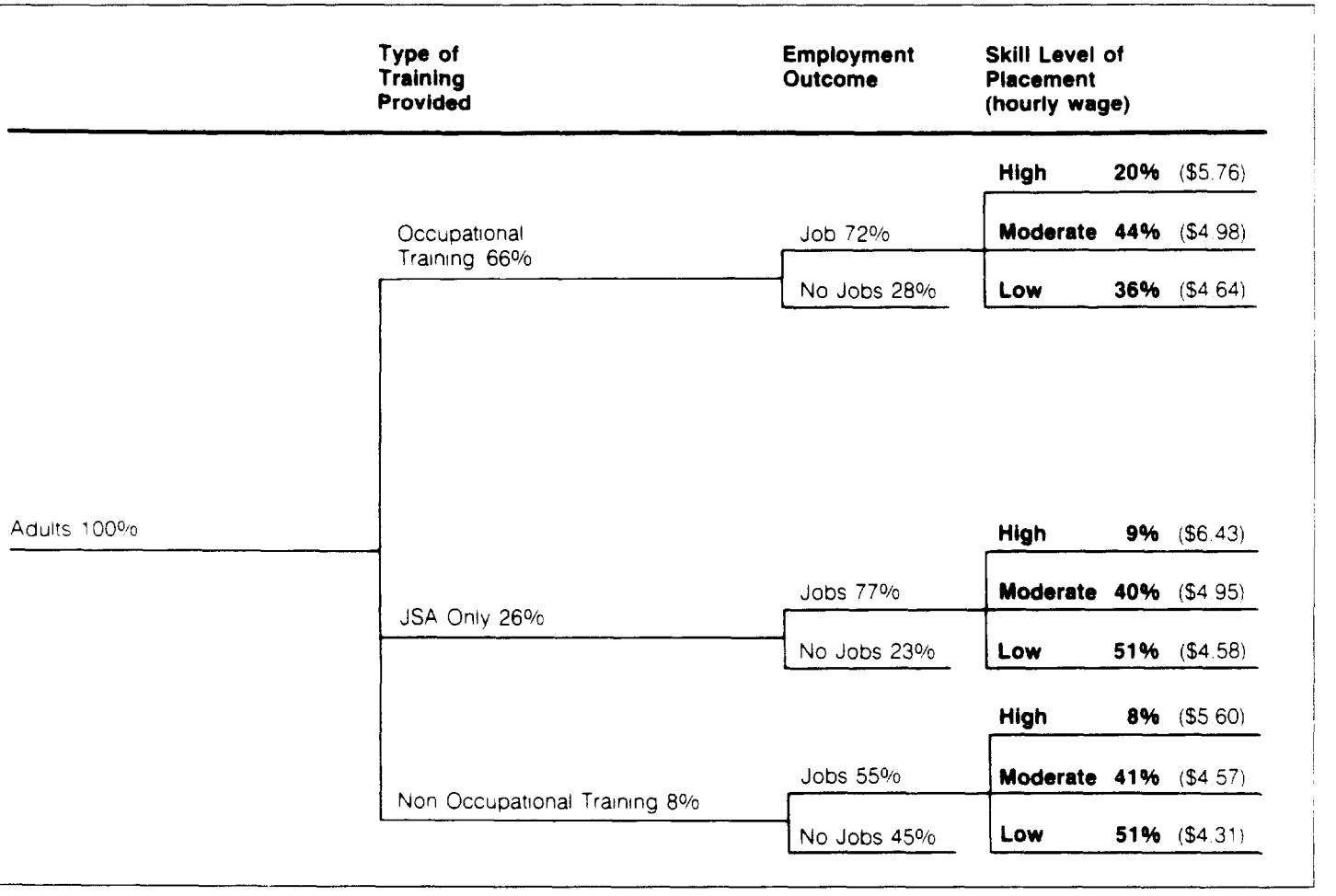
Outcomes Related to Kind of Assistance Provided

While a larger percentage of the participants who received only job search assistance were placed in jobs upon leaving the program, the participants who received occupational training generally obtained higher skill jobs paying higher wages than those who received other services.

Of participants who received occupational training and who were placed in a job, 64 percent obtained jobs in moderate (44 percent) or higher (20 percent) skill occupations, compared to 49 percent for those receiving only job search assistance or nonoccupational training.

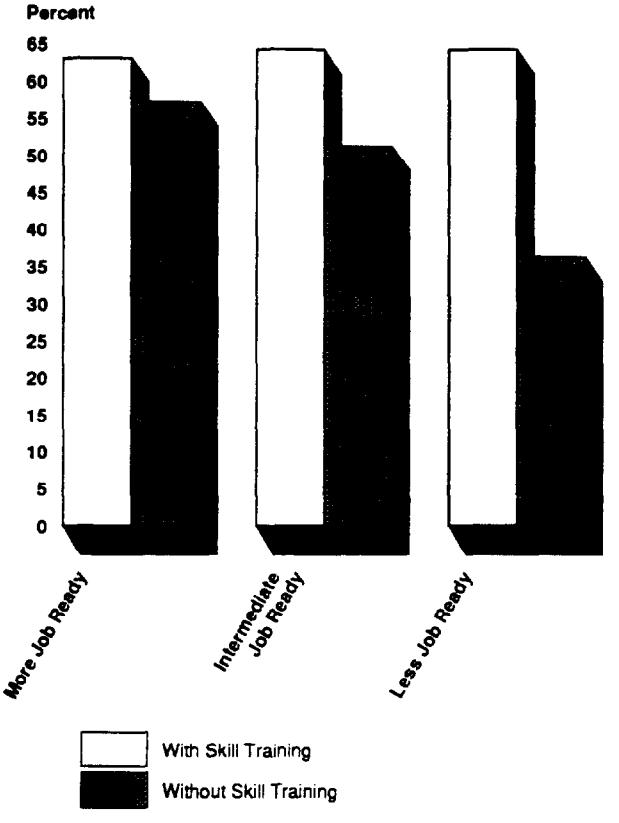
The hourly wage rates at placement for those receiving occupational training were proportionate to the skill level of the job obtained. That is, those placed in higher skill jobs received, on average, about $5.76 per hour, compared to $4.98 per hour for moderate skill jobs and $4.64 per hour for lower skill jobs. (See fig. 4.4.)

Figure 4.4: Occupational Training Outcomes



Among the job readiness groups, participants in all three groups appeared to benefit from occupational training. As shown in figure 4.5, a larger percentage of participants, regardless of job readiness, obtained moderate or higher skill jobs after receiving occupational training than after receiving other training or services.

Figure 4.5: High/Moderate Skill Job Placements



Employment Outcomes Related to Skill Level of Training Provided

The skill level of the jobs participants obtained was strongly related to the skill level of training they received. Of those who received occupational training at one skill level and were placed, most received jobs at that skill level. For example, when participants received training in higher skill occupations (and obtained jobs), about 72 percent of these jobs were in higher skill positions. Similarly, about 86 percent of the participants who received training in moderate skill occupations obtained moderate skill jobs, and about 92 percent of those who received lower skill occupational training obtained lower skill jobs.

The relationship of training to jobs was equally dramatic among the individual job readiness groups, as shown in table 4.4.

Table 4.4: Skill Level of Job Obtained by Level of Training

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

As might be expected, the more job ready were more likely to be placed regardless of the training received than were the less job ready. Although a larger percentage of those in all three job readiness groups who received lower skill training were placed, they were placed almost exclusively in lower skill jobs that were, presumably, easier to find and to fill. As will be discussed in detail later in this chapter, many of these low skill jobs were in low or no-growth occupations or were positions whose wage gains and productivity growth has been weak. Furthermore, with the exception of the less job ready group who received higher or moderate skill level training, the percentages of placements were relatively close within the three job readiness groups and the differences were not statistically significant.

In terms of starting wages, participants who received occupational training in moderate or higher skill occupations and who were placed also tended to get higher paying jobs than those who received other less intensive assistance. (See table 4.5.)

Table 4.5: Placement Wages for Job Readiness Groups by Activity

Training activity	Placement job hourly wage All adults	MJR	IJR	LJR
Occupational training:				
Higher skill	$5.59	$5.69	$5.52	$5.82
Moderate skill	4.98	5.03	4.96	4.99
Lower skill	4.60	4.61	4.64	4.47
Job search assistance only	4.89	5.15	4.92	4.56
Nonoccupational training	4.52	4.46	4.58	4.42

The average hourly wage for participants receiving moderate or higher skill occupational training was $5.19, compared to $4.74 for participants receiving other training or services.

As might be expected, among the three job readiness groups, a larger percentage of those who were less job ready were placed in jobs with a low hourly wage. For example, about half of the less job ready placements received a wage ranging between $3.35 and $4.00 an hour, whereas about 38 percent of the intermediate and more job ready received these relatively low wages. Overall, however, the range and pattern of the wage distribution among the three job readiness groups who found employment was remarkably similar. For example, two of every three participants, regardless of their job readiness categorization, received an hourly wage ranging from $3.35 to $5.00 (See fig. 4.6.)

Outcomes Better for Participants Receiving Higher or Moderate Skill Occupational Training

Participants who were placed following occupational training in higher or moderate skill positions obtained better jobs than those who received other training or services. This was true for participants in each of the three job readiness groups.

One possible explanation for this result could be the effect of the training itself. However, another explanation could be that more highly qualified people were selected from each job readiness group to receive such training. To explore this possibility, we looked at the relationship between occupational training and job outcome for high school graduates and dropouts within each of the three job readiness groups. (See app. VIII for a detailed description of this analysis.)

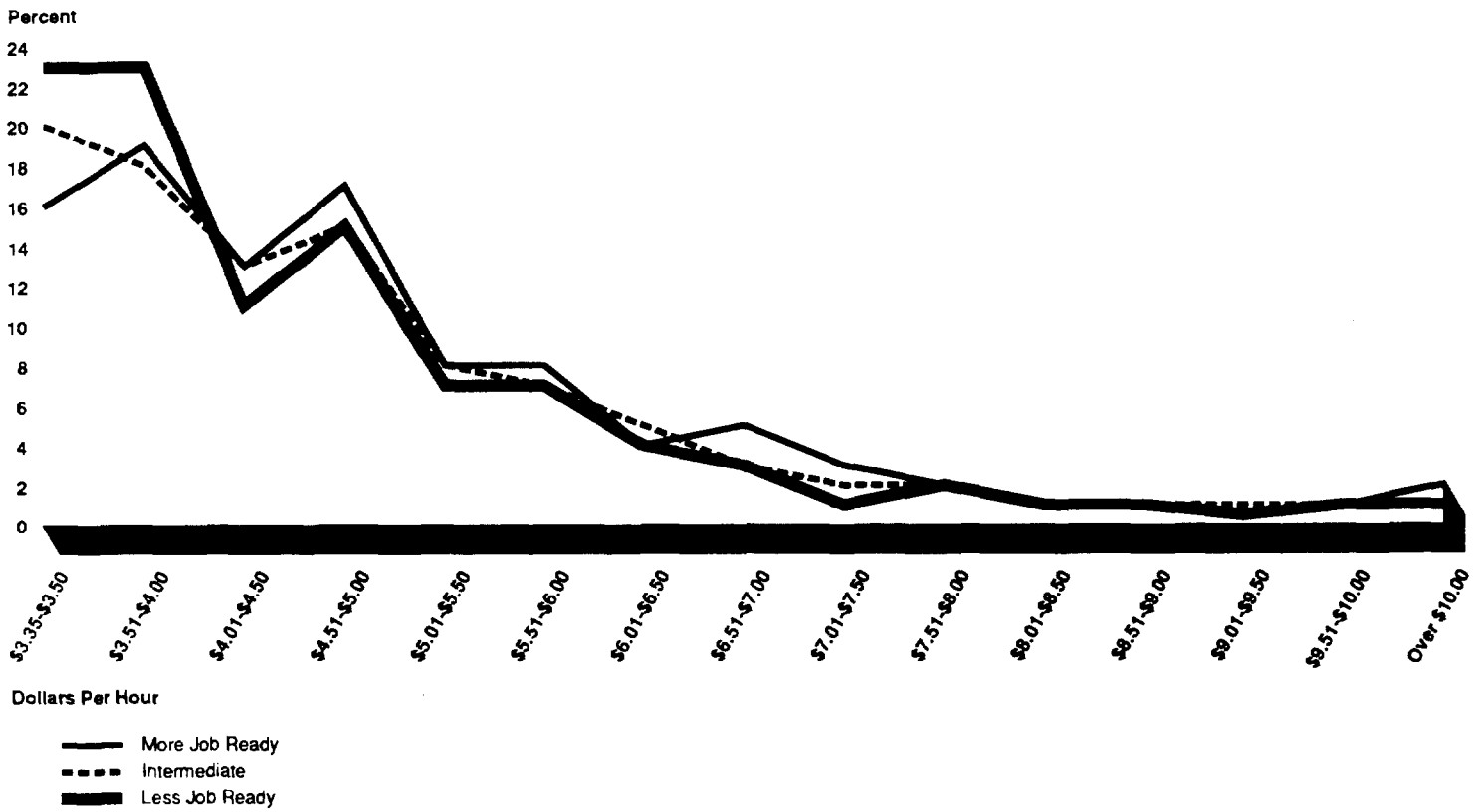
In each job readiness group, high school graduates were significantly more likely than dropouts to receive occupational training in the higher or moderate skill occupations. Thus, some selection, either by the SDAs or the individual participants, appeared to be occurring. (See table 4.6.)

Table 4.6: Participants Receiving High or Moderate Skill Training by Education Status

	Job readiness group			
Education status	**Total**	**MJR**	**IJR**	**LJR**
High school graduates	53	53	52	57
Dropouts	40	44	40	38

However, when we looked at those within the job readiness groups who were similar with respect to education—for example, the less job ready

Figure 4.6: Wage Distribution



who were dropouts or those in that group who were high school graduates—participants who received higher skill training tended to get higher skill jobs more frequently than those who did not receive such training.

To examine the relationship between training and job placements within each of these educational subgroups, we first computed the "odds" that people who received higher or moderate skill training would get a higher or moderate skill job. We did this by dividing the percentage who obtained such jobs by the percentage who did not. We did the same thing for people who had not received such training.

We also computed an "odds ratio" to measure the extent to which higher or moderate skill training appears to increase the probability of receiving a higher or moderate skill job. This was computed by dividing the

odds of the group that received higher or moderate skill training by the odds of the group that did not. The results of both analyses are shown in table 4.7.

Table 4.7: Odds of Obtaining a Moderate or Higher Skill Job With and Without Higher or Moderate Skill Training

Group	Percent	Odds	Ratio
MJR			
Dropouts:			
With skill training	63	1.67	
Without skill training	17	.21	8.0
Graduates:			
With skill training	67	2.01	
Without skill training	28	.38	5.3
IJR			
Dropouts:			
With skill training	57	1.35	
Without skill training	18	.21	6.1
Graduates:			
With skill training	62	1.62	
Without skill training	28	.39	4.1
LJR			
Dropouts:			
With skill training	49	.94	
Without skill training	17	.20	4.7
Graduates:			
With skill training	53	1.13	
Without skill training	27	.36	3.1

These analyses provide several insights regarding high and moderate skill occupational training.

First, without more intensive training, none of the groups had as much as an even chance of getting a higher or moderate skill job. The odds that a dropout who received lower skill occupational training, job search assistance only, or nonoccupational training would get a higher or moderate skill job were about 20 in 100. For a high school graduate who received these services, the odds were not much better—less than 40 in 100.

Secondly, more intensive training appears to improve the probability of obtaining a higher or moderate skill job. As shown in the odds ratio column, for every job readiness and education category, the group that received higher or moderate skill occupational training had a greater chance of getting a higher or moderate skill job than the groups that received other services. For example, among less job ready dropouts, the chances of getting a higher or moderate skill job were 4.7 times greater

for people who received higher or moderate skill occupational training than for those who received other services.

Finally, in all three job readiness groups, higher and moderate skill occupational training was more strongly related to the skill level of job placement for dropouts than for high school graduates. For example, among the more job ready dropouts, such training improved the probability of getting a higher or moderate skill job by a factor of 8, whereas among high school graduates, the probability improved by a factor of 5.3.

Because participants were not randomly assigned to receive higher or moderate skill training, there may be differences, such as in motivation or personal appearance, for example, between those who did and did not get selected. With these competing explanations, we can not say with any certainty that the training, per se, is a major factor determining the improved job outcomes.

Our data do show that people who get such training have better placements, and that this is true both for dropouts and high school graduates in all three job readiness groups. Therefore, although not proving so conclusively, this analysis suggests that receiving higher or moderate skill training is helping participants get better jobs.

Employment Outcomes Poor for Participants Receiving Other Training and Services

Although higher and moderate skill occupational training appeared to result in better jobs at higher wages, less than half (47 percent) of the participants received this training. For participants who received lower skill occupational training, job search assistance only, or nonoccupational training the employment outcomes were less promising. About three-fourths of these participants either did not obtain jobs or obtained jobs in lower skill occupations, which, as mentioned earlier, have lower starting wages and little growth potential.

As shown in table 4.8, regardless of the job readiness group, most participants receiving lower skill occupational training, job search assistance only, or nonoccupational training did not fare well in the labor market. This was especially true for the less job ready, of whom 81 percent either did not get a job or obtained a lower skill job.

Table 4.8: Employment Prospects for Participants Receiving Lower Skill Occupational Training, Job Search Assistance Only, or Nonoccupational Training

	Percent of participants	
Job readiness group	**No job**	**Lower skill job**
MJR	20	52
IJR	26	47
LJR	35	46
All adults	**26**	**48**

Comparison of Occupational Training to Future U.S. Job Needs

Almost half of the JTPA training positions we classified as lower skill are in occupations that are low- or no-growth occupations. These include machine operators, assemblers, agricultural workers, laborers, and packers, for which predicted growth between 1987 and 2000 ranged from a positive 5 percent to a negative 16 percent. Many of the remaining lower skill positions that have better projected growth are in service occupations, such as food service workers, waiters, and waitresses, for which wage gains and productivity growth have traditionally been weak.

On the other hand, the moderate and higher skill positions for which participants are being trained are in occupations whose projected outlook is much more positive. The largest proportion of these jobs are in occupational groups with predicted growth rates that are expected to average over 25 percent through the year 2000, while relatively few are in service industries.

To reach these conclusions we compared the skill levels of positions for which participants were being trained with the skill ranking of all current occupations presented in a 1987 study prepared for the Labor Department on labor market trends through the year 2000,[3] to determine their relative ranking. We also looked at the predicted rate of growth through the year 2000 for these 200 training occupations.

Labor's 1987 study classified jobs into 25 occupational groups. Each group was ranked on a scale from one to six according to the level of skills required to perform in that occupation, with one being the lowest level skills and six the highest.[4] We compared the language skill levels

[3]William B. Johnston and Arnold E. Packer, Workforce 2000: Work and Workers for the Twenty-first Century, Hudson Institute, June 1987.

[4]In making these classifications the study's authors used the numerical scores for mathematics, language, and vocational preparation time contained in Labor's Selected Characteristics of Occupations Defined in the Dictionary of Occupational Titles.

contained in the study's technical appendix for the 25 occupational groups with comparable positions in which JTPA participants were being trained. We estimate that JTPA participants are being trained in jobs with ratings that range from 1.2 to 4.0. For the positions in which participants are most frequently trained, which are shown in table 4.3, we estimate an average rating of 2.1 for what are referred to as lower skill positions, 2.9 for moderate skill positions, and 3.3 for higher skill positions.

Lower Skill On-The-Job Training Longer Than Needed

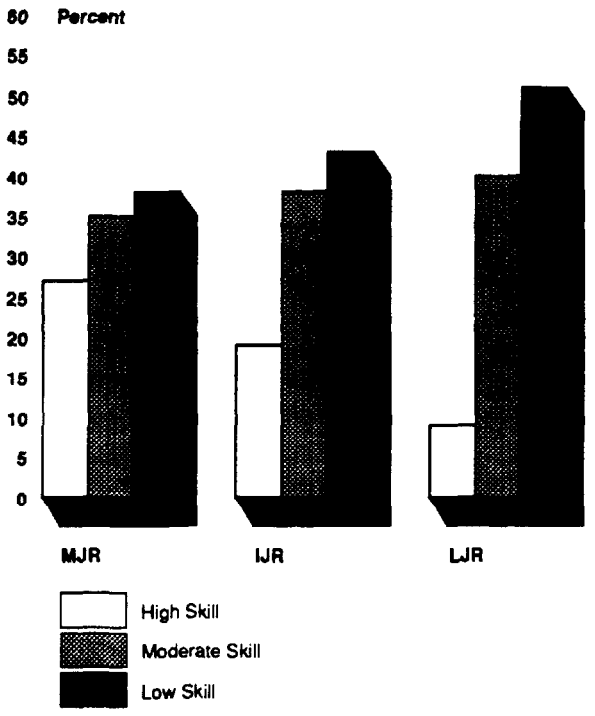
OJT affords JTPA participants an opportunity to earn a wage while receiving direct, "hands-on" experience in a specific occupation. Under OJT arrangements, employers provide JTPA participants with training in a particular occupation for a specified length of time. Normally, the employer is reimbursed for half of the participant's wages in recognition of the expense associated with training.

Participants received OJT in higher, moderate, and lower skill occupations. As shown in figure 4.7, a higher percentage of participants in all three job readiness groups received OJT in lower skill occupations than in moderate or higher skill occupations.

While it may be appropriate to provide OJT in lower skill occupations to certain individuals, we believe that the length of the training should be commensurate with the difficulty of the job. However, over half of the lower skill OJT contracts we reviewed exceeded Labor's suggested training time for these occupations.

We compared the amount of OJT time SDAs provided in lower skill occupations with the specific vocational preparation (training time) included in Labor's Selected Characteristics of Occupations Defined in the Dictionary of Occupational Titles. The specific vocational preparation time represents the average amount of time required to learn the techniques, acquire information, and develop the facility needed for average performance in a specific job-worker situation. Over half of the 747 lower skill contracts for the participants in our sample substantially exceeded the vocational preparation training time indicated in the Dictionary of Occupational Titles. For example, the lower skill occupations shown in figure 4.8 require relatively little preparation time (up to 30 days, or

Figure 4.7: Skill Level of OJT by Job Readiness Group



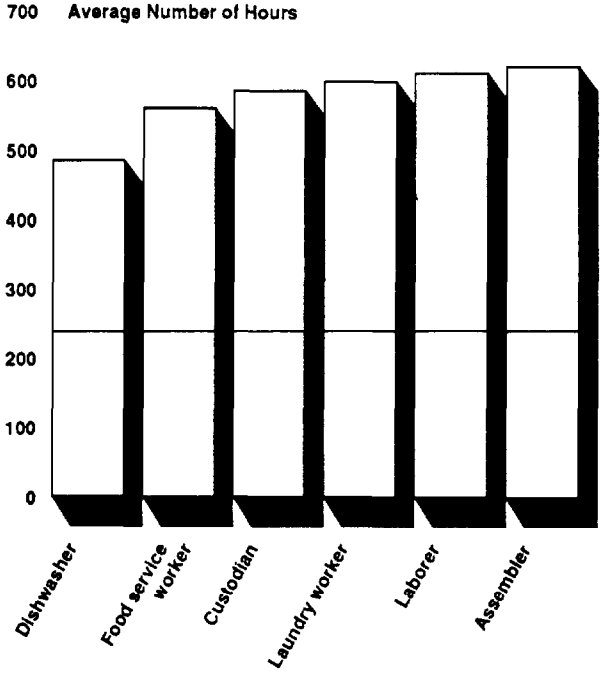
about 240 hours). Yet many of the OJT contracts for these occupations were for more than double the suggested training time.[5]

Because SDAs generally pay half of the participant's wage during the training period, lower skill OJT positions for excessive training periods increases JTPA costs, in effect providing employers with wage subsidies. Of the 747 lower skill OJT contracts for participants in our sample, 414 were for excessive lengths of time. We estimate that under these contracts, the SDAs involved paid over $300,000 in excess wages, which is equivalent to $728 per participant.

One might expect that most of the low skill OJT contracts that exceeded the suggested training time would be for training the less job ready as a way to compensate for their having multiple characteristics associated with difficulty in the labor market. However, only 13 percent of these contracts were for training the less job ready, whereas 29 percent were

[5]Data are based only on those contracts that exceeded Labor's suggested length of training. See appendix IX for additional details.

Figure 4.8: Examples of OJT Contracts Exceeding Labor's Suggested Training Time



for training the more job ready and 58 percent for training the intermediate group. For example, all of the excessive OJT contracts for packers were provided to those who were in the more job ready or intermediate group, as were 92 percent of the excessive contracts for dishwashers and 90 percent of the excessive contracts for custodians.

Overall, the actual length of training for lower skill OJT averaged 529 hours, or about 3 months (based on a 40-hour work week). However, training time varied widely for the same occupations. Table 4.9 shows the range of hours for typical lower skill OJT contracts.

Table 4.9: Training Hours for Some Typical Lower Skill OJT Jobs

	Range of training hours		Median	
OJT Job	Low	High	Hours	Weeks
Cashier	120	1,000	591	15
Custodian	44	1,400	480	12
Food service worker	120	1,320	440	11
Dishwasher	160	1,040	400	10
Farm worker	160	960	334	8
Housekeeper	120	1,040	290	7

On average, OJT contracts for higher skill jobs were longer than the contracts for lower skill jobs. That is, higher skill OJT contracts averaged 691 hours, or about 17 weeks; moderate skill contracts, about 623 hours, or 16 weeks; and lower skill contracts, about 529 hours, or 13 weeks. However, at about one-third of the SDAs, the average length of lower skill OJT was longer than the average length of moderate or higher skill OJT.

Overall, low skill, long-term OJT contracts (1) often exceeded the time period suggested by Labor, (2) do not appear to be a means for accommodating the less job ready, and (3) at some SDAs exceeded the contract time periods for moderate or higher skill training. Accordingly, many of these OJT contracts appear to be providing excessive wage subsidies to employers.

Conclusions

Although we cannot draw explicit conclusions regarding net program impact, the information we have collected allows us to calculate some gross measures of employment and wage rates at program completion. We believe this information (which is not currently available from the program's routine data collection system) provides insights into the possible relationships between the kind of program services provided and the occupational outcomes for participants.

Compared to its predecessor, JTPA has been relatively successful, far exceeding Comprehensive Employment and Training Act placement rates. Furthermore, our analyses indicate that JTPA can be effective in preparing participants for jobs in higher or moderate skill occupations. Participants who received higher or moderate skill occupational training, regardless of their job readiness, tended to get better jobs at higher wages than those who received other training or services. However, almost half the participants received lower skill occupational training.

job placement services without training, or nonoccupational training. The employment outcomes for these participants, especially the less job ready, appeared to be generally poorer. For the most part, they either did not get a job or obtained a lower skill job. What we cannot tell, based on available information, is the extent to which the results may be influenced by local managers selecting for training candidates who, for reasons we could not measure (such as individual motivation), are more likely to be successful.

Although our findings do not prove that more intensive training is cost effective, we believe the information is adequate to justify program experimentation with an increased emphasis on more intensive interventions. In the absence of readily usable data on both the cost of specific kinds of training and the long-term employment outcomes for participants, it is currently impossible to prove that more intensive training would (or would not) be cost-effective. In fact, we have no way of knowing whether the current mix of JTPA training might be judged cost-effective, and past attempts to develop long-term impact measures have been largely unsuccessful. Furthermore, current evaluation efforts are unlikely to provide meaningful results in the foreseeable future. Yet a major premise of this or any training or education program is that interventions to increase employability make a difference, and our results lend credence to this thesis. At this time, however, we must rely on short-term measures of success, such as placement rates and placement wages, as measures of program performance. Consequently, any decision by the Congress or Labor (or individual SDAs for that matter) regarding the appropriate mix of JTPA training will likely be made without resolving these uncertainties.

Given these uncertainties and the difficulty of developing more concrete conclusions with available data, we believe additional emphasis on higher skill occupational training, accompanied by a careful evaluation of program outcomes, would be prudent and should be initiated by the Secretary of Labor. Because the current program data collection is inadequate to observe program outcomes associated with variations in the training provided, enhanced data collection would be necessary.

With respect to on-the-job training, we found that in many instances the length of the contracts appeared to have been longer than necessary for lower skill occupations, which require little preparation time. While some individuals may require more training than others, many of these OJT contracts may come closer to providing employers with long-term

wage subsidies than providing necessary training. We believe that additional oversight (and guidance) is warranted to insure that OJT contracts are not merely a wage subsidy for employers.

Recommendations

We recommend that the Secretary of Labor

- increase JTPA's emphasis on higher and moderate skill occupational training;
- collect data necessary to measure differences in program outcomes associated with such training;
- monitor the effect of more intensive training on the number of participants the program can serve and on program outcomes, including placement rates experienced by the less job ready receiving higher skill training; and
- provide guidance to SDAs to ensure that the length of on-the-job training contracts are commensurate with the skill level of the job involved.

Matters for Consideration by the Congress

Information on who are being served, the kinds and intensity of services they receive, and the outcomes they attain would be useful for oversight and program management at both the federal and local levels. In addition, such information would be essential for Labor to evaluate the benefits of providing more intensive and higher skill occupational training. Because the administration has generally been reluctant to collect information not clearly mandated by law, the Congress should consider amending JTPA to require the states and SDAs to collect and report such data.

Agency Comments

In its May 2, 1989, comments on a draft of this report (see app. XI), the Department of Labor generally agreed with the thrust of our recommendations and outlined actions it had taken or planned to take to redirect program emphasis and strengthen systemwide management of JTPA. It noted that an advisory committee had been established to provide expert advice and guidance on the quality and effectiveness of the JTPA program. Further, the Advisory Committee issued a report in March 1989 that called for a series of legislative changes to target the program more effectively on the disadvantaged, intensify the quality of services, and improve program management. The Department noted that the committee's recommendations addressed many of the points we raised. The following summarizes Labor's comments on each of our recommendations and our analysis, where appropriate.

Recommendation to Emphasize Higher and Moderate Skill Training

Labor agreed that the program should emphasize moderate and higher skill training when accompanied by a commensurate strengthening of remedial education necessary to allow those most in need to participate in higher skill occupational training. Labor stated it intends to emphasize higher skill training as evidenced by a recent policy statement on fixed unit price, performance based contracts which states that:

"The new policy framework for performance based contracts should be undertaken within the context of current policy objectives for the JTPA system, namely: increase the level of participation of at-risk populations in the program; increase the quality of the training intervention; expand the amount of basic skills training being provided; and thus improve the quality of placements for JTPA participants."

Labor added that the above policy objectives underscored the seriousness of its intent to move the system toward the results embodied in our recommendations and that it will continue to emphasize redirection toward remediation and higher occupational skill training levels, while ensuring continued local flexibility in the area of program planning. Labor also stated it had initiated a study to evaluate the quality of training provided through JTPA and identify possible areas for improvement.

Recommendations on Data Collection and Monitoring

Labor stated that it agreed with us that monitoring the effects of more intensive training would be beneficial but expressed reservations about systemwide data collection that would enable it to do this. Labor also stated that it currently collects data which provides some indication of the relationship between higher level training and program outcomes and anticipated that additional information will soon be available.

Regarding data collection, Labor said that it has attempted to minimize the paperwork burden on states and SDAs by collecting much of the data necessary for program evaluation through research studies. Labor added that it was concerned about the feasibility of establishing data collection instruments which can be easily administered, allow for local variations in determining the characteristics of the "less job ready," and provide the types of data necessary to evaluate local programs fairly and accurately.

With respect to monitoring program effect, Labor stated that its Job Training Quarterly Survey (JTQS) provides data on program activities, length of training, placement, and wages at placement. In addition, Labor stated that a national JTPA study, begun in 1985, is collecting data to measure the net impacts of the Title II-A program on participants.

According to Labor, this net impact study is designed to assess the cost effectiveness of the range of training activities in JTPA. Labor said that its net impact study and the previously mentioned study on the quality of training will provide information to enable it to evaluate the effect of more intensive training.

GAO Analysis

In our opinion, the data sources listed by Labor will not enable it to measure differences in outcomes associated with moderate or higher skill training at the present time. In addition, we believe it is feasible to collect the kind of data we suggest in a cost effective manner.

As we pointed out in an earlier report[6] and in chapter 1 of this report, the JTQS data do not allow one to match the multiple characteristics of individual participants with (1) the kinds of services received, including the number of hours and skill level of training, and (2) the occupations, including skill level, in which they are employed after leaving the program. Labor, too, pointed out in its comments that the training activities identified in the JTQS are broad and generally cannot be directly linked to skill levels. The cost-benefit analyses included in Labor's net impact study may provide valuable insights into this issue. However, the first report will not be available until 1991.

In our view, the information to be provided by the cited research studies will not be sufficient to enable Labor to adequately monitor the effect of more intensive training. The study on training quality is aimed at assessing the quality of classroom and OJT training through observations at 15 SDAs and at providing recommendations for improvements. However, it will not include an in-depth assessment of the effect of such training on participants' program outcomes. In all, researchers will spend about four days at each SDA. Regarding Labor's net impact study, it is being conducted at 16 SDAs that were not randomly selected; therefore, the results may not have nationwide application.

Recommendation on Guidance for Low Skill OJT Contracts

Labor agreed there was a need for more explicit guidance to ensure that the lengths of OJT contracts are commensurate with the skill levels of the jobs involved and stated it was currently considering legislative and/or regulatory options to address this issue. As part of its first attempt to deal with the issue, Labor stated it had issued a notice in the March 13,

[6]Job Training Partnership Act: Data Collection Efforts and Needs (GAO/HRD-86-69BR, Mar. 31, 1986).

1989, Federal Register stating that OJT contracts clearly spell out all elements of the training package, including the hours and/or number of weeks of training. Additionally, it had recommended that OJT contracts be written directly with employers, if possible. Labor stated that (1) general contracts for OJT (those not written directly with the employer) must identify what will be provided by the employer and (2) the general contractor must ensure the reasonableness of all elements of subcontractor cost. Labor also stated it was developing a procurement training package for use by states and SDAs that will include appropriate cost/price analyses and contract elements for OJT and other training. Labor added that, as it redirects the program toward providing better quality training to those who need it most, the provision of lower skill occupational training should diminish and the lower skill OJT contracts, such as those identified in our report, should cease to exist.

SDAs Selected for Site Visits

State/city	Administrative entity
Arizona:	
Yuma	Yuma County JTPA Administration
Arkansas:	
Jonesboro	Northeast Arkansas Manpower Council
Pine Bluff	Southeast Arkansas Employment Development Agency
California:	
El Centro	Imperial County Office of Employment and Training
Hayward	Alameda County Training and Employment Board
Los Angeles	City of Los Angeles Community Development Department
San Jose	Santa Clara County Department of Social Services
Stockton	County Employment and Training Division
Sunnyvale	City of Sunnyvale Department of Employment Development
Colorado:	
Commerce City	Adams County Employment Center
Connecticut:	
Hartford	Employment Resources Development Agency
Torrington	City of Torrington
Florida:	
Miami	South Florida Employment and Training Consortium
Tallahassee	Leon County Department of Job Training
Tampa	City of Tampa
Tampa	Hillsborough County Employment and Training Department
Illinois:	
Champaign	Champaign Consortium
Iowa:	
Davenport	Eastern Iowa Community College District
Ottumwa	Indian Hills Community College
Kansas:	
Pittsburg	State of Kansas Department of Human Resources
Kentucky:	
Lexington	Bluegrass Area Development District
Louisiana:	
Chalmette	First Planning District Consortium
Monroe	Ouachita Parish Police Jury
Maryland:	
Baltimore	Neighborhood Progress Administration Office of Manpower Resources
Seat Pleasant	Prince George's County Private Industry Council
Massachusetts:	
Brockton	Brockton Area Private Industry Council
Michigan:	
Ann Arbor	Washtenaw/Ann Arbor/Livingston Employment and Training Center
Grand Rapids	Area Community Services Employment and Training Council
Greenville	Central Area Partnership Consortium
Jackson	Region II Employment and Training Consortium

(continued)

State/city	Administrative entity
Mt. Clemens	Macomb/St. Clair Private Industry Council
Onaway	Northeast Michigan Consortium
Minnesota:	
Clearwater	Private Industry Council 5
Marshall	Southwest Minnesota Private Industry Council
St. Paul	Department of Planning and Economic Development
Missouri:	
Cape Giradeau	Southeast Missouri Private Industry Council
Jefferson City	Private Industry Council, SDA 5
Monroe City	The Area II Development Corporation
Nebraska:	
Lincoln	Job Training of Greater Nebraska
Nevada:	
Reno	Job Opportunities in Nevada
New Jersey:	
Bridgeton	Cumberland/County Office of Employment and Training
Jersey City	Corporation for Employment and Training
Newark	Mayor's Office of Employment and Training
New York:	
Buffalo	Buffalo, Cheektowaga, Tongawanda Consortium
Jamestown	Southwestern New York Partnership
New York	New York City Department of Employment
North Carolina:	
Charlotte	Centralina Council of Governments
Durham	Central Piedmont Employment and Training
Ohio:	
Ironton	Ironton-Lawrence County Community Action Organization
Oklahoma:	
Durant	Big 5 Community Services
Pennsylvania:	
Bellefonte	Mid-state Employment and Training Consortium
Tennessee:	
Tullahoma	Motlow State Community College
Texas:	
Austin	City of Austin and Travis County Private Industry Council
Georgetown	Williamson-Burnet County Opportunities
Kilgore	East Texas Council of Governments
Port Arthur	Southeast Texas Regional Planning Commission
Virginia:	
Charlottesville	City of Charlottesville
Fairfax	Northern Virginia Manpower Consortium
Washington:	
Bellingham	Northwest Washington Private Industry Council
Seattle	The Seattle-King County Private Industry Council

(continued)

State/city	Administrative entity
Wisconsin:	
Appleton	Northern Lake Winnebago Private Industry Council
Lacrosse	Western Wisconsin Private Industry Council
Racine	Southeastern Wisconsin Private Industry Council

Table of Sampling Errors

	Percent	Sampling Error
Total adults	**100**	
Activity:		
Occupational training	66	±6
High skill training	25	±3
Moderate skill training	47	±3
Low skill training	28	±2
Job search assistance only	27	±5
Nonoccupational training	8	±2
Percent placed:		
Overall	72	±2
Occupational training	72	±4
High skill training	71	±4
Moderate skill training	70	±3
Low skill training	77	±4
Job search assistance only	77	±5
Non-occupational training	55	±8
Placement job skill level:		
Overall		
High skill job	16	±2
Moderate skill job	43	±3
Low skill job	41	±3
Occupational training (total)		
High skill job	20	±2
Moderate skill job	44	±3
Low skill job	36	±4
Occupational training (high skill)		
High skill job	72	±4
Moderate skill job	13	±3
Low skill job	15	±4
Occupational training (moderate skill)		
High skill job	4	±1
Moderate skill job	86	±3
Low skill job	10	±2
Occupational training (low skill)		
High skill job	2	±1
Moderate skill job	6	±2
Low skill job	92	±3
Job search assistance only		
High skill job	9	±2

(continued)

	Percent	Sampling Error
Moderate skill job	40	±4
Low skill job	51	±5
Nonoccupational training		
High skill job	8	±5
Moderate skill job	41	±7
Low skill job	51	±7
Placement wages:	Dollars	
Overall	$4.96	±$.16
High skill job	5.85	±.26
Moderate skill job	4.96	±.16
Low skill job	4.59	±.14
Occupational training (total)	$5.02	±$.16
High skill job	5.76	±.24
Moderate skill job	4.99	±.18
Low skill job	4.63	±.18
Occupational training (high skill)	$5.59	±$.20
High skill job	5.76	±.24
Moderate skill job	5.18	±.52
Low skill job	5.16	±.39
Occupational training (moderate skill)	$4.98	±$.16
High skill job	5.86	±.66
Moderate skill job	4.97	±.16
Low skill job	4.72	±.36
Occupational training (low skill)	$4.60	±$.22
High skill job	5.56	±1.06
Moderate skill job	5.21	±.38
Low skill job	4.55	±.22
Job search assistance only	$4.89	±$.26
High skill job	6.43	±.80
Moderate skill job	4.95	±.28
Low skill job	4.58	±.24
Nonoccupational training	$4.52	±$.22
High skill job	5.60	±1.44
Moderate skill job	4.57	±.26
Low skill job	4.29	±.26
More job ready	20	±2
Activity:		
Occupational training	72	±7
High skill training	31	±4

(continued)

	Percent	Sampling Error
Moderate skill training	40	±4
Low skill training	29	±5
Job search assistance only	23	±5
Nonoccupational training	5	±2
Percent placed:		
Overall	79	±3
Occupational training	79	±4
High skill training	81	±7
Moderate skill training	75	±6
Low skill training	84	±6
Job search assistance only	80	±8
Nonoccupational training	70	±14
Placement job skill level:		
Overall		
High skill job	23	±4
Moderate skill job	39	±4
Low skill job	38	±4
Occupational training (total)		
High skill job	27	±4
Moderate skill job	36	±5
Low skill job	37	±5
Occupational training (high skill)		
High skill job	75	±8
Moderate skill job	10	±4
Low skill job	15	±7
Occupational training (moderate skill)		
High skill job	6	±3
Moderate skill job	85	±6
Low skill job	9	±4
Occupational training (low skill)		
High skill job	3	±3
Moderate skill job	4	±3
Low skill job	93	±4
Job search assistance only		
High skill job	11	±5
Moderate skill job	45	±9
Low skill job	44	±9
Nonoccupational training		
High skill job	19	±15
Moderate skill job	45	±16
Low skill job	36	±15

(continued)

	Percent	Sampling Error
Placement wages:	Dollars	
Overall	$5.08	±$.22
High skill job	5.85	± .40
Moderate skill job	5.08	± .28
Low skill job	4.63	± .20
Occupational training (total)	$5.11	±$.22
High skill job	5.78	± .36
Moderate skill job	5.07	± .32
Low skill job	4.64	± .10
Occupational training (high skill)	$5.69	±$.30
High skill job	5.81	± .38
Moderate skill job	5.62	±1.20
Low skill job	5.02	± .50
Occupational training (moderate skill)	$5.03	±$.24
High skill job	5.37	± .82
Moderate skill job	5.03	± .28
Low skill job	4.85	± .46
Occupational training (low skill)	$4.61	±$.22
High skill job	5.98	±2.20
Moderate skill job	4.76	± .74
Low skill job	4.55	± .20
Job search assistance only	$5.15	±$.50
High skill job	6.71	±1.54
Moderate skill job	5.18	± .62
Low skill job	4.71	± .52
Nonoccupational training	$4.46	±$.34
High skill job	4.93	± .68
Moderate skill job	4.61	± .60
Low skill job	4.02	± .26
Intermediate job ready	61	±2
Activity:		
Occupational training	65	±6
High skill training	25	±4
Moderate skill training	47	±3
Low skill training	28	±5
Job search assistance only	27	±5
Nonoccupational training	8	±2
Percent placed:		
Overall	73	±3

(continued)

	Percent	Sampling Error
Occupational training	72	±2
High skill training	70	±6
Moderate skill training	73	±3
Low skill training	76	±5
Job search assistance only	77	±5
Nonoccupational training	58	±10
Placement job skill level:		
Overall		
High skill job	15	±2
Moderate skill job	44	±3
Low skill job	41	±4
Occupational training (total)		
High skill job	19	±3
Moderate skill job	45	±4
Low skill job	36	±4
Occupational training (high skill)		
High skill job	70	±6
Moderate skill job	14	±4
Low skill job	15	±4
Occupational training (moderate skill)		
High skill job	4	±2
Moderate skill job	85	±4
Low skill job	11	±3
Occupational training (low skill)		
High skill job	2	±1
Moderate skill job	6	±3
Low skill job	92	±4
Job search assistance only		
High skill job	9	±2
Moderate skill job	42	±5
Low skill job	49	±6
Nonoccupational training		
High skill job	6	±5
Moderate skill job	45	±10
Low skill job	49	±9
Placement wages:	Dollars	
Overall	$4.95	±$.14
High skill job	5.86	± .32
Moderate skill job	4.94	± .16
Low skill job	4.61	± .16
Occupational training (total)	$5.01	±$.16

(continued)

	Percent	Sampling Error
High skill job	5.73	± .30
Moderate skill job	4.93	± .18
Low skill job	4.69	± .22
Occupational training (high skill)	$5.52	± $ 12
High skill job	5.69	± .30
Moderate skill job	4.99	± .52
Low skill job	5.24	± .52
Occupational training (moderate skill)	$4.96	± $ 16
High skill job	6.29	± 1.04
Moderate skill job	4.92	± .18
Low skill job	4.75	± .50
Occupational training (low skill)	$4.64	± $.26
High skill job	4.98	± .98
Moderate skill job	5.20	± .40
Low skill job	4.59	± .26
Job search assistance only	$4.92	± $.22
High skill job	6.37	± 1.00
Moderate skill job	5.02	± .32
Low skill job	4.56	± .22
Nonoccupational training	$4.58	± $.30
High skill job	6.36	± 2.38
Moderate skill job	4.59	± .34
Low skill job	4.35	± .38
Less job ready	19	± 3
Activity:		
Occupational training	60	± 12
High skill training	16	± 4
Moderate skill training	56	± 3
Low skill training	28	± 6
Job search assistance only	27	± 11
Nonoccupational training	13	± 4
Percent placed:		
Overall	61	± 4
Occupational training	59	± 5
High skill training	51	± 13
Moderate skill training	57	± 7
Low skill training	70	± 12
Job search assistance only	73	± 8
Nonoccupational training	41	± 11

(continued)

	Percent	Sampling Error
Placement job skill level:		
Overall		
High skill job	9	±4
Moderate skill job	44	±8
Low skill job	47	±10
Occupational training (total)		
High skill job	13	±6
Moderate skill job	50	±7
Low skill job	37	±10
Occupational training (high skill)		
High skill job	73	±15
Moderate skill job	13	±9
Low skill job	14	±11
Occupational training (moderate skill)		
High skill job	3	±3
Moderate skill job	91	±5
Low skill job	7	±4
Occupational training (low skill)		
High skill job	1	±2
Moderate skill job	7	±5
Low skill job	92	±5
Job search assistance only		
High skill job	4	±2
Moderate skill job	33	±10
Low skill job	63	±11
Nonoccupational training		
High skill job	4	±6
Moderate skill job	30	±16
Low skill job	66	±17
Placement wages:	Dollars	
Overall	$4.77	±$.32
High skill job	5.91	± .58
Moderate skill job	4.89	± .36
Low skill job	4.44	± .16
Occupational training (total)	$4.93	±$.32
High skill job	5.88	± .52
Moderate skill job	5.09	± .32
Low skill job	4.39	± .34
Occupational training (high skill)	$5.82	±$.50
High skill job	6.02	± .56
Moderate skill job	5.44	± .94

(continued)

	Percent	Sampling Error
Low skill job	5.12	± .66
Occupational training (moderate skill)	$4.99	±$.32
High skill job	4.49	± .46
Moderate skill job	5.05	± .34
Low skill job	4.28	± .38
Occupational training (low skill)	$4.47	±$.42
High skill job	7.03	±1.42
Moderate skill job	5.62	±1.20
Low skill job	4.35	± .38
Job search assistance only	$4.56	±$.60
High skill job	6.41	±3.58
Moderate skill job	4.44	± .74
Low skill job	4.52	± .62
Nonoccupational training	$4.42	±$.32
High skill job	4.87	±1.00
Moderate skill job	4.47	± .60
Low skill job	4.28	± .38

Listing of Occupations by Skill Level

Lower skill positions

- Agriculture/farm worker
- Assembler
- Bindery/packaging
- Bus/van driver
- Carpet installer
- Car/truck cleaner
- Cashier
- Courier/messenger
- Custodian maintenance
- Day care worker/babysitter
- Delivery driver
- Dishwasher
- Factory worker
- Fence erector
- File clerk
- Food service worker
- Forestry/fishing/hunting
- Furniture mover
- Groundskeeper
- Hostess
- Hotel worker
- Housekeeper
- Insulation worker
- Inventory/stock clerk
- Laborer
- Landscape/gardener
- Laundry worker
- Line assembler
- Loading dock worker
- Machine operator
- Mail handler
- Meat cutter/processor
- Newspaper delivery
- Packer/wrapper
- Parking lot attendant
- Poultry worker
- Pump assembler
- Roofer
- Rug cutter
- Sanitation worker
- Service station worker
- Sign painter
- Sorter
- Taxi driver
- Textile worker
- Tire changer
- Waiter/waitress
- Warehouse/material handler

Moderate skill positions

- Accounting clerk/bookkeeper
- Administrative assistant
- Advertising/marketing
- Airport operations
- Air transportation
- Ambulance driver/attendant
- Animal care
- Auto body repair
- Auto upholsterer
- Baker
- Banking
- Bank teller
- Bartender
- Bicycle repair
- Billing clerk
- Boat building/repair
- Cable TV installer
- Casino worker
- Classroom/teacher's aide
- Clerical/typist
- Collections clerk
- Communications TV/radio
- Concrete pipemaker
- Construction trades
- Cook/chef
- Customer service/relations
- Dental assistant
- Dispatcher
- Electroplating
- Elevator operator/repair
- Environmental control
- Keypunch/data entry
- Lab assistant
- Law enforcement
- Library assistant
- Lumber products
- Masonry worker
- Medical assistant
- Metal fabrication
- Microfilm clerk
- Military
- Mold finisher
- Motion pictures industry
- Muffler installer
- Music industry
- Nurse's aide
- Offset print operator
- Painter
- Photography trades
- Photo-typesetter
- Printing trades
- Production coordinator
- Protective signal installer
- Rattan worker
- Receptionist
- Recreation occupations
- Rubber goods worker
- Salesperson
- Secretary
- Security guard
- Septic tank installer
- Shipping/receiving clerk

(continued)

Exterminator	Shoe repair
Fabrication-plastics	Silk screen painter
Firefighter	Stenographer/transcriber
Floral design	Switchboard operator
Furniture finish/upholstery	Telephone solicitor
Glass/ceramic worker	Tool grinder
Health care worker	Truck driver
Heavy equipment operator	Utility worker
Industrial battery service	Water systems technician
Industrial technician/mechanic	Weatherization technician
Injection mold operator	Word processing
Insurance clerk	Other (miscellaneous)

Higher skill positions

Aircraft assembler	Machinist
Appliance repair/installer	Management occupations
Auto mechanic	Mechanical engineer
Barber/cosmetology	Microprocessor technician
Building/office machine repair	Millwright
Cabinetmaker	Nurse
Carpentry trades	Office manager
Clergy	Pipefitter
Commercial artist	Plumbing trades
Computer programmer/operator	Preschool teacher
Counselor	Prosthetics technician
Diesel mechanic	Quality control
Digital electronics	Real estate agent
Drafting	Residence/apartment manager
Editor	Respiratory technician
Electrical trades	Restaurant manager
Electronic assembly/technician	Sheet metal worker
Electronics inspector	Shop supervisor
Engineering occupations	Small business owner
Farm equipment mechanic	Small engine mechanic
Fashion design	Social worker
Foreman	Steel rule die maker
Graphic artist	Systems analyst
Heating/air conditioning	Tailor/seamstress
Inspector	Teacher/tutor
Interior decorator	Telephone repair/installer
Interviewer	Tractor trailer mechanic
Jewelry trades	Travel agent
Job developer/coach	TV/stereo/VCR repair
Legal aide	Welder
Locksmith	X-ray technician
Machine repair	

Predicting Labor Market Success for People Eligible to Participate in JTPA Programs

Purpose of the Analysis

We did this analysis to identify the demographic and other characteristics associated with labor market success for individuals eligible to participate in JTPA. We wanted to develop, using participants' characteristics at program entry, our best estimate of their likelihood of succeeding in the labor market. Ultimately, our goal was to place JTPA participants into three groups according to their likelihood of success. Since we were working with broad groups, our estimate of success did not need to be very precise. But we did want to know which variables were associated with success and, therefore, which ones we should use to group participants.

Methods

The Data Base and Sample

The analysis used the 1983/84 and 1984/85 matched data files of the CPS, which we merged into one file. From the file, we selected men and women between the ages of 22 and 62 who met JTPA's eligibility criteria based on their characteristics in 1982 (for the 83/84 portion of the file) or in 1983 (for the 84/85 portion of the file). From this group, we eliminated:

1. People with wages/salaries above $36,000 (men), or above $20,000 (women). In our opinion, people with relatively high earnings would be unlikely to enroll in JTPA. We eliminated about 2 percent of the female and less than 2 percent of the male JTPA eligibles.

2. People with earnings from a source other than wages or salaries (that is, either self-employment or farm income). Eliminating people with other sources of income made the zero wage group more homogeneous.

Table IV.1 shows the demographic characteristics of the final group of 1,808 men and 2,215 women from whom we developed the models of labor market success.

The Variables

For each person, the data base had both demographic characteristics and labor-force status and income over a 2-year period. We used income from wages or salary during the second year to define "labor market success."

Labor market success was modeled using a regression analysis. The analysis tried to predict or estimate wage and salary income during the second year based on information about each person during the first year. Three kinds of information were available:

1. Basic demographic characteristics—race, age, and level of education. An additional demographic characteristic, whether a person was a single parent, was used in the model for women, but not for men.

2. Economic characteristics—employment status the week preceding the CPS interview for the first year; total wages and salary during the first year; and whether a person had received AFDC, Supplemental Security Income, Food Stamps, or other public assistance during that year.

3. Geographic characteristics—region of the country (North, North Central, South, or West).

Tables IV.2 and IV.3 show how the variables were coded for the models.

The Models

The final model developed for this project takes the following forms:

Predicted Wage/salary=-$6008 +(Regression X VAR_1)+....+(Regression X VAR_n) for men coefficient coefficient

Predicted Wage/salary=-$556 +(Regression X VAR_1)+....+(Regression X VAR_n) for women coefficient coefficient

The regression coefficients for each variable are shown in the third column of table IV.2 (men) and table IV.3 (women). Each coefficient for the categorical variables estimates the change in wage and salary for people coded "Yes" in that category as compared to the base or omitted group, when all other variables in the model are held at the same value. For example, for men, being coded as "yes" in the category "More than High School Graduate" increases predicted wages/salary by $2,744.85 as compared to the base group, which in this case, refers to people who are dropouts.

For the numerical variables—such as age and age-squared—the regression coefficients estimate the change in wage and salary for a one-unit change in the variable. For example, according to the model for men, going from age 35 to age 40 increases predicted salary as follows:

($405.56 X 5) + (-$4.64 X 25) = $1,911.80

Variables Related to Labor Market Success

Statistical tests on the regression coefficients show which variables are significantly related to wages and salary. These are indicated in tables IV.2 and IV.3 and summarized in table IV.4. Except for some geographic ones and the receipt of "other" public assistance, nearly all of the variables are significant for men at the .05 level. (Receipt of SSI and AFDC are not significant, but, as shown in table IV.1, very few men had those characteristics.) For women, wage and salary income and labor force status, educational level, and receipt of food stamps in the first year are all significant predictors of wage and salary income for the second year.

Using the Model to Form Job Readiness Groups

To better describe those who were eligible for JTPA, we set out to place individuals in one of three job readiness groups using the results from our regression, as well as other research. Although these models have very large standard errors (about $6,600 for men and $3,900 for women), and therefore should not be used to actually estimate people's earned incomes, they do identify variables associated with labor market success for people eligible for JTPA.

Not surprisingly, the labor force variables for the first year have a major impact on wages for the second year. This is true for both men and women. Men, for example, who worked full-time during the first year were predicted to earn about $8,900 more the next year than men who were not in the labor force at all during that first year. For women, the effect was about $5,500.

Because of the size of this effect, we used labor force status as our initial screen to place people into job readiness groups. Thus, we classified each person as having or lacking recent work experience. To be considered "more job ready," participants had to have recent work experience, while those classified as "less job ready" had to lack it. As explained in the report, we then fine-tuned these categories by using information about other characteristics identified, either through this analysis or other sources, as associated with labor market success. In that way, we classified all participants as being "more," "intermediate," or "less" job-ready when they entered the JTPA program.

Table IV.1: Demographic Characteristics of the Sample

Characteristic[a]	Men (n=1,808)	Women (n=2,215)
White	76%	69%
Black	19	27
Other	5	4
Dropout	40	33
High school graduate	39	46
More than high school grad	21	21
Not in labor force	8	22
Unemployed	25	15
Employed part time	12	26
Employed full time	55	37
Receiving:		
ADFC	3	17
Food Stamps	45	44
SSI	1	1
Other public assistance	20	28
Single parent	Not used	33
Average age (years)	36.9	36.7
Standard deviation	11.1	10.8
Average wage/salary previous year	$5,973	$3,562
Standard deviation	6,262	4,005
Average wage/salary most recent year	9,631	4,931
Standard deviation	8,379	5,153

[a]All characteristics are from the first year of the matched data file, except for wage/salary, which is shown for both years.

[b]We adjusted salaries for the portion of the file taken from the earlier CPS to make them comparable with salaries for the later portion of the file. This was done using the Current Price Index for Urban Wage Earners and Clerical Workers.

Table IV.2: Modelling Wages/Salaries in Most Recent Year Based on Characteristics for Previous Year: Results for Men

Variable name	Definition	Coefficient	Sig
Demographics:			
Age	In years	+ 405.56	.00[a]
Age squared		- 4.64	.00[a]
Race white	Base case		
Race black		−1,592.74	.00[c]
Race other		−1,338.60	.07
Educ-dropout	Base case		
Educ-H.S. graduate		+1,680.87	.00[a]
Educ- H.S. graduate		+2,744.85	.00[a]
Economic characteristics:			
Previous year's income in dollars		+ .34	.00[a]
Labor force stat.			
Not in labor force	Base case		
Unemployed		+1,713.66	.00[a]
Employed part time		+3,351.83	.00[a]
Employed full time		+8,950.36	.00[a]
Receiving AFDC		+ 360.80	.71
Receiving SSI		- 609.74	.68
Receiving other asst.		- 455.88	.32
Receiving Food Stamps		- 864.38	.01[a]
Geographic region:			
North East	Base case		
North Central		- 887.59	.07
South		−1,083.19	.02[a]
West		+ 125.28	.80
Intercept:	Predicted value when all other vars=0	−6,008.11	.00[a]
R-Square=.3916			
Adjusted R-Square=.3858			
Standard Error= $6,567			

[a]Indicates statistical significance (p=.05).

[b]Variables referring to categories were coded as "1" if the person was in the category, and "0" if not

Table IV.3: Modeling Wages/Salaries in Most Recent Year Based on Characteristics for Previous Year: Results for Women

Variable name	Definition	Coefficient	Sig
Demographics:			
Age	In years	+ 71.44	.22
Age squared		- .88	.22
Race white	Base case		
Race black		- 132.83	.54
Race other		- 600.60	.18
Single parent		+ 185.96	.36
Educ-dropout	Base case		
Educ-H.S. graduate		+ 378.71	.05[a]
Educ- H.S. graduate		+1,422.00	.00[a]
Economic characteristics:			
Previous year's income in dollars		+ .39	.00[a]
Labor force stat.			
Not in labor force	Base case		
Unemployed		+1,100.48	.00[a]
Employed part time		+2,723.46	.00[a]
Employed full time		+5,557.02	.00[a]
Receiving AFDC		- 53.47	.88
Receiving SSI		- 931.89	.24
Receiving other asst.		- 183.72	.52
Receiving Food Stamps		- 481.63	.01
Geographic region:			
North East	Base case		
North Central		- 335.58	.19
South		- 538.89	.04[a]
West		- 227.09	.39
Intercept:	Predicted value when all other vars=0	- 555.78	.62
R-Square=.4377			
Adjusted R-Square=.4331			
Standard Error= $3,880			

[a]Indicates statistical significance (p .05)

Table IV.4: Variables Significantly Related to Wage and Salary Income: Summary of the Regression Results

Variable	Men's model	Women's model
Demographics:		
Age	X	
Age squared	X	
Race white (base case)		
Race black	X	
Race other		
Single Parent	[a]	
Educ-dropout (base case)		
Educ-h.s. graduate	X	X
Educ- h.s. graduate	X	X
Economic characteristics:		
Previous year's income	X	X
Labor force status		
Not in labor force (base case)		
Unemployed	X	X
Employed part time	X	X
Employed full time	X	X
Receiving AFDC		
Receiving SSI		
Receiving Food Stamps	X	X
Receiving other assistance		
Geographic region:		
North East (base case)		
North Central		
South	X	X
West		

[a]Not used

Weeks Unemployed for Job Readiness Groups During 6 Months Before Program Application

Weeks unemployed	Percent of job readiness group		
	MJR	IJR	LJR
0	29	3	0
1-5	24	2	0
6-10	20	3	0
11-15	19	6	1
16-20	7	9	5
21-25	1	11	7
26	0	66	87
	100	100	100

Comparison Among GAO Sample, CPS Eligible Population, and Labor Annual Report

Figures in percent

	GAO sample	CPS pared down population	CPS technically eligible population	Labor annual report
Sex:				
Male	46	42	40	47
Female	54	58	60	53
Race:				
White	58	58	61	55
Black	28	24	23	30
Hispanic	9	14	13	12
Other	5	4	4	4
Education:				
Dropout	27	37	47	27
Student	0	<1	<1	<1
High school graduate or higher	73	63	53	73
Welfare:				
AFDC	24	26	12	[a]
Food Stamps	38	49	39	[a]
Other	16	5	5	9[b]
Single parent	31	29	17	[a]
Age-mean	32	29	45	[a]

[a]Not available.

[b]Includes AFDC and Food Stamp recipients since Labor did not begin collecting data by individual welfare programs until PY86.

Extent to Which SDAs Served the Different Job Readiness Groups

GAO ID	Location	Job readiness group MJR	IJR	LJR
1	Yuma, AZ	27	61	12
2	Jonesboro, AR	35	58	7
3	Pine Bluff, AR	19	66	15
4	Sunnyvale, CA	24	64	12
5	Stockton, CA	14	68	18
6	San Jose, CA	19	50	31
7	Hayward,CA	13	61	26
8	El Centro, CA	11	53	36
9	Commerce City, CO	26	57	17
10	Torrington, CT	19	77	4
11	Hartford, CT	5	48	47
12	Tallahassee, FL	12	52	36
13	Tampa, FL	24	45	31
14	Hillsborough County, FL	22	67	11
15	Champaign, IL	12	72	16
16	Davenport, IA	17	71	12
17	Ottumwa, IA	28	65	7
18	Pittsburg, KS	20	69	11
19	Lexington, KY	22	64	14
20	Monroe, LA	18	70	12
21	Chalmette, LA	27	59	14
22	Seat PLeasant, MD	8	61	31
23	Brockton, MA	22	62	16
24	Ann Arbor, MI	28	55	18
25	Mt. Clemens, MI	26	61	13
26	Grand Rapids, MI	22	55	23
27	Onaway, MI	21	75	4
28	Jackson, MI	22	58	20
29	Greenville, MI	22	66	12
30	St. Paul, MN	6	68	26
31	Clearwater, MN	14	84	2
32	Marshall, MN	25	73	2
33	Monroe City, MO	38	59	3
34	Jefferson City, MO	35	55	10
35	Cape Giradeau, MO	25	67	8
36	Lincoln, NE	34	60	6
37	Reno, NV	29	66	5
38	Jersey City, NJ	12	51	37
39	Newark, NJ	7	50	43

(continued)

GAO ID	Location	Job readiness group		
		MJR	IJR	LJR
40	Bridgeton, NJ	13	61	26
41	Buffalo, NY	13	64	23
42	Jamestown, NY	18	73	9
43	Durham, NC	15	61	24
44	Charlotte, NC	18	56	26
45	Ironton, OH	21	73	6
46	Durant, OK	43	49	8
47	Baltimore, MD	10	41	49
48	Bellefonte, PA	37	59	4
49	Tullahoma, TN	31	63	6
50	Georgetown, TX	22	67	11
51	Austin, TX	23	62	15
52	Kilgore, TX	19	59	22
53	Port Arthur, TX	23	56	21
54	Fairfax, VA	25	59	16
55	Charlottesville, VA	23	48	29
56	Bellingham, WA	26	67	7
57	Seattle, WA	21	65	14
58	Appleton, WI	32	64	4
59	Racine, WI	18	54	29
60	Lacrosse, WI	36	57	7
61	New York, NY	4	67	29
62	Miami, FL	21	54	25
63	Los Angeles, CA	0	68	32

Logit Analysis of the Relationship Between Level of Training and Level of Job Placement

The analysis was intended to examine the relationship between the kind of training participants received and the skill level of jobs in which they were placed. As described in chapter 4, people who received training for higher or moderate skill positions were placed in such jobs more often than people who got other training or services. This happened in each of the three job readiness groups.

One reason that this may have occurred could have been the effect of the training itself. However, another explanation could have been the characteristics of the participants entering training. For example, people who received training may have been more highly qualified than those who did not.

To account for this latter possibility, we wanted to control, to the extent possible, for factors other than training that could affect placements. We did not have information about participants' motivation, reading ability, appearance, or other factors that could affect placement into particular jobs. But we did have information about their level of education. Using this information, we examined the relationship of higher or moderate skill occupational training to job outcome separately for high school graduates and dropouts within each of the three job readiness groups. (By using job readiness groups, we were in effect controlling for one factor for the more and the less job ready groups that could be related to job outcomes—whether they had previous work experience.)

How We Did the Analysis

To examine this relationship, we used a statistical technique called logit analysis, which can identify relationships between data that are classified into several categories simultaneously. We began by putting participants into categories according to their job readiness group, level of education (dropout or high school graduate), and whether they received higher or moderate skill training and were placed in a higher or moderate skill job.

We then tested a number of "models," ranging from simple to complex, that predicted how many people would be placed in a higher or moderate skill job if the relationships in the model were true. For example, if training and placement were related, then the proportion of people who got higher or moderate skill jobs should be different for those who received higher or moderate skill training and those who received other training or services. The models included simple associations (for example, that training was related to job placement in the same way for all education levels and job readiness categories, as well as more complex

ones (for example, that the effect of training depends on the person's education or job readiness category).

Using statistical tests, we compared each of the models to the actual data obtained from our sample to see if the numbers generated by the model and the actual data differed significantly. If they did, we rejected that model. If they did not differ, meaning that the model "fit" the data, we kept that model in contention as being possibly correct. After doing a series of tests on successive models, we chose the simplest one that fit the data and could not be improved upon by adding more complex relationships. Table VIII.1 shows the models tested and the one selected. Table VIII.2 shows the percentage of participants expected to be placed in higher or moderate skill jobs according to the model we selected and contrasts those percentages with the actual data.

Computing Odds and Odds Ratios

Using the numbers generated by the model, we computed the "odds" that people would get a higher or moderate skill job by dividing the percentage who got such jobs by the percentage who did not. We calculated odds for people who had received higher or moderate skill training as well as for people who had not. (See table VIII.3.) In this analysis, the odds showed the tendency for a given group to be placed in a higher or moderate skill job. For example, the odds that a dropout who had not received higher or moderate skill training would get a higher or moderate skill job were only about 20 to 100. This meant that for every 20 dropouts who were placed in jobs at those skill levels, 100 were not.

The association between receipt of higher or moderate skill training and job placement at the same skill level is measured with an "odds ratio." This measure is calculated by dividing the odds for the group that received higher or moderate skill training by the odds for the group that did not. Job readiness and education are controlled by calculating the odds ratios separately for dropouts and then for high school graduates within each of the job readiness groups.

The odds ratios are measures of the size of the association between level of training and job placement. If there were no differences in job placement between people who received higher or moderate skill training and those who received other services, their odds would be the same and their odds ratio would be 1. The more the odds ratio differs from 1, the larger the association. As shown in table VIII.3, the odds ratios for those trained in higher or moderate skill occupations compared to those receiving other training or services ranged from 4.7 to 8.0, meaning they

were 4.7 to 8 times more likely to be placed in higher or moderate skill jobs.

Table VIII.1: Analyzing Placement in a Higher or Moderate Skill Job: Logit Models

Model	Associations fitted[a]	Degrees of freedom	Likelihood Ratio chi-square	p-value	Models contrasted	p-value
1	[P]	11	784.8	.000		
2	[JP]	9	745.3	.000		
3	[EP]	10	702.1	.000		
4	[TP]	10	68.5	.000		
5	[JP][EP]	8	691.9	.000		
6	[JP][TP]	8	37.0	.000		
7	[EP][TP]	9	25.1	.003		
8	[JP][EP][TP]	7	13.1	.070		
9	[JEP]	6	688.3	.000		
10	[JTP]	6	34.8	.000		
11	[TEP]	8	20.6	.008		
12	[JEP][TP]	5	11.3	.046		
13	[JTP][EP]	5	10.2	.069		
14	[ETP][JP]	6	8.8	.184	14 vs. 8	.05
15	[JEP][JTP]	3	8.1	.043		
16	[JEP][ETP]	4	6.9	.141		
17[b]	[JTP][ETP]	4	2.7	.608	17 vs. 14	.05
18	[JEP][JTP][ETP]	2	.3	.853	18 vs. 17	NS[c]

[a]P = Placement in a higher or moderate skill job (yes, no)
J = Job readiness group (more, intermediate, less)
E = Education level (high school graduate, dropout)
T = Trained in higher or moderate skill position (yes, no)

All models contain the term [JET], the interaction among the three independent variables.

[b]-Model selected.

[c]-Not significant.

Table VIII.2: Placements in Higher or Moderate Skill Jobs: Actual Results and Expected Results From the Model

Job readinesss	Education level	Receipt of higher/ moderate skill training	Sample size	Actual percentages		Expected percentages	
				Placed	Not placed	Placed	Not placed
Less job ready	Dropouts	Yes	217	46.5	53.5	48.5	51.5
		No	352	15.9	84.1	16.6	83.4
	High school graduates	Yes	205	55.1	44.9	53.0	47.0
		No	153	28.1	71.9	26.6	73.4
Intermediate job ready	Dropouts	Yes	278	58.3	41.7	57.4	42.6
		No	410	17.3	82.7	17.6	82.4
	High school graduates	Yes	1,308	61.6	38.4	61.8	38.2
		No	1,224	28.2	71.8	28.1	71.9
More job ready	Dropouts	Yes	56	66.1	33.9	62.6	37.4
		No	72	22.2	77.8	17.3	82.7
	High school graduates	Yes	521	66.4	33.6	66.8	33.2
		No	458	26.9	73.1	27.6	72.4

Table VIII.3: Placements in Higher or Moderate Skill Jobs: Odds and Odds Ratios

Job readiness	Education level	Received higher/ moderate skill training	Percent placed	Odds on getting higher/moderate skill job	Odds ratios: received vs. did not receive training
Less job ready	Dropouts	Yes	48.5	.94	4.7
		No	16.6	.20	
	High school graduates	Yes	53.	1.13	3.1
		No	26.6	.36	
Intermediate job ready	Dropouts	Yes	57.4	1.35	6.4
		No	17.6	.21	
	High school graduates	Yes	61.8	1.62	4.2
		No	28.1	.39	
More job ready	Dropouts	Yes	62.6	1.67	8.0
		No	17.3	.21	
	High school graduates	Yes	66.8	2.01	5.3
		No	27.6	.38	

OJT Contracts Exceeding Labor's Suggested Training Time

Occupation	Suggested training time	Number of OJT contracts	Percent excessive	Average hours of excess OJT
Day care worker	30 days-3 mos	14	14	1,120
Service station worker	30 days-3 mos	4	25	960
Machine operator	30 days-3 mos	152	25	957
Waitress/waiter	30 days-3 mos	9	33	897
File clerk	30 days-3 mos	6	33	860
Cashier	30 days-3 mos	34	41	847
Forestry worker	up to 30 days	3	100	800
Material handler	30 days-3 mos	19	16	800
Van driver	30 days-3 mos	3	33	800
Landscaper	up to 30 days	13	85	775
Courier	up to 30 days	1	100	640
Assembler	up to 30 days	112	84	613
Laborer	up to 30 days	38	89	606
Delivery driver	up to 30 days	9	100	604
Hotel worker	30 days-3 mos	4	50	600
Laundry worker	up to 30 days	21	86	593
Custodian	up to 30 days	71	85	586
Farm worker	up to 30 days	27	52	570
Food service worker	up to 30 days	50	82	556
Poultry worker	up to 30 days	3	67	550
Car washer	up to 30 days	5	100	510
Dishwasher	up to 30 days	19	74	482
Packer	up to 30 days	27	63	472
Housekeeper	up to 30 days	28	64	453
Parking lot attendant	up to 30 days	1	100	433
Mail clerk	up to 30 days	1	100	400
Sanitation worker	short demonstration	4	100	330
Line assembler	up to 30 days	1	100	285

Tables Supporting Bar Graphs in Report Text

Table X.1: Average Weeks Spent in Program Activities (Data for Fig. 2.1)

Program activity	Weeks
Job search assistance only	8
Classroom-occupational	20
OJT	13
Basic education	14
Work experience	15

Table X.2: Training Provided to Males and Females (Data for Fig. 2.2)

Program activity	Males	Females
Job search assistance only	29	24
Classroom-occupational	23	39
OJT	43	30
Basic education	4	8
Work experience	2	3

Table X.3: Comparison of JTPA Participants to the CPS (Data for Fig. 3.1)

	Percent	
Job readiness category	JTPA participants	CPS
More job ready	20	22
Intermediate job ready	61	58
Less job ready	19	20

Table X.4: JTPA Compared to the Eligible Population (Data for Fig. 3.2)

	Percent	
Characteristic	JTPA participants	CPS
High school graduates	73	63
Dropouts	27	37
Males	46	42
Females	54	58

Table X.5: Percent Receiving Various Skill Levels of Occupational Training (Data for Fig. 4.3)

	Percent		
Skill level	More job ready	Intermediate job ready	Less job ready
High skill	31	25	16
Moderate skill	40	47	56
Low skill	29	28	28

Table X.6: Higher and Moderate Skill Job Placements With and Without Occupational Training (Data for Fig. 4.5)

	Percent	
Job readiness category	**With occupational training**	**Without occupational training**
More job ready	63	57
Intermediate job ready	64	51
Less job ready	64	36

Table X.7: Skill Level of OJT by Job Readiness Group (Data for Fig. 4.7)

	Percent		
Job readiness category	**High skill**	**Moderate skill**	**Low skill**
More job ready	27	35	38
Intermediate job ready	19	38	43
Less job ready	9	40	51

Table X.8: Examples of OJT Contracts Exceeding Labor's Suggested Training Time (Data for Fig. 4.8)

OJT jobs	**Average hours**
Dishwasher	482
Food service worker	556
Custodian	586
Laundry worker	593
Laborer	606
Assembler	613

Comments From the Department of Labor

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

MAY - 1989

Mr. Lawrence H. Thompson
Assistant Comptroller General
U.S. General Accounting Office
Washington, D.C. 20212

Dear Mr. Thompson:

Thank you for the opportunity to review and provide comments on the U.S. General Accounting Office (GAO) draft report, Job Training Partnership Act: Services and Outcomes for Participants with Differing Needs. This report will provide a context for discussion of the Job Training Partnership Act (JTPA) system as we consider possible change and redirection in the future. We will give careful consideration to the recommendations contained in this report.

The Department has already taken steps to redirect program emphasis and strengthen systemwide management of JTPA and we are planning to continue and further these efforts. We have initiated two major efforts in planning for the future direction of JTPA. First, we established a 38-member Advisory Committee to provide expert advice and guidance on the quality and effectiveness of the JTPA program. The Committee members represent the JTPA system, business, labor, academia, education, public interest groups, community-based organizations, veterans and the general public. The Committee issued a report in March which called for a series of legislative changes designed to target the program more effectively on disadvantaged youth and adults, intensify the quality of services provided and strengthen the management of the program. The Committee's recommendations are sound and address many of the points addressed in your report.

Second, we are preparing a legislative proposal which would amend JTPA to include many of the recommendations of the Advisory Committee, address concerns articulated by members of Congress, as well as cover areas contained in your report. One of the major areas of emphasis in the new legislation will be the targeting of JTPA to the hard-to-serve, addressing the issues raised in the recommendations to Congress. This proposal will be introduced to Congress in the near future.

Enclosed are responses to your specific findings. I hope this information will prove helpful in compiling your final report.

Sincerely,

Elizabeth Dole

Enclosure

ENCLOSURE

Following are the recommendations to the Secretary of Labor contained in the GAO report, and our responses:

I. THAT THE SECRETARY INCREASE JTPA'S EMPHASIS ON MODERATE AND HIGHER SKILL OCCUPATIONAL TRAINING.

Over the past year, the Department of Labor has conducted an intensive review of the experience under the JTPA program, with a particular focus on the targeting and quality of its services. Part of that review included a JTPA Advisory Committee composed of public and private sector representatives. In its recently published report, Working Capital, the Committee recommended that JTPA more sharply target those among the economically disadvantaged with serious basic skills deficiencies and that, consequently, the program should intensify the quality of services provided, particularly those focused on literacy and basic skills.

While we support the concept of providing training for higher skill occupations, we need to keep in mind the primary goal of helping those most in need, who often lack the basic skills necessary to participate in occupational training. It would be inconsistent to advocate priority to those most lacking in basic skills while also advocating a shift to training for higher skills unless there were a commensurate strengthening of the type of remedial education required to allow such disadvantaged persons to participate in higher skill occupational training. What is needed is a balance that recognizes the relationship between basic skills training and training for occupational skills. Subject to this caveat, we would agree that the program should emphasize moderate and higher skill occupational training consistent with the abilities of the persons being served.

It also needs to be noted that the Department has long recognized the importance of quality training. Over the past two years we have made extensive changes in the JTPA performance standards system to improve the quality of training that leads to more long-term employability and job retention. Postprogram outcomes were introduced on July 1, 1988 to measure the extent of employment, level of earnings and average number of weeks that adult participants work 90 days after leaving the program. We have encouraged programs to make greater training investments in individuals within JTPA by setting cost standards for adults and youth at levels that will accommodate more comprehensive programming. Finally, we have added to the performance management system a framework for competency development which requires an assessment of every participant's reading level and a strengthened youth employment competency system that enhances employability through increased education, training and attainment of employment competencies--pre-employment/work maturity, job specific skills and basic education.

In addition, we have initiated a study to evaluate "the quality of training" provided through the JTPA system. This study, currently being conducted in 15 sites, will provide valuable data on the quality of training that is currently available, and identify possible areas for improvement. The study should also provide a basis for conducting larger scale studies to determine the effects on participants of higher skill occupational training.

The Department's clear intention to emphasize higher skill training is evident in its policy statement on fixed unit price, performance-based contracts published in the Federal Register on March 13 (54 FR 10459-10467). This notice identifies as one of our basic principles that:

> The new policy framework for performance-based contracts should be undertaken within the context of current policy objectives for the JTPA system, namely: increase the level of participation of at-risk populations in the program; increase the quality of the training intervention; expand the amount of basic skills training being provided; and thus improve the quality of placements for JTPA participants.

JTPA's policy objectives in the above stated principles underscore the seriousness of our intent in moving the system toward the results embodied in the GAO recommendations.

Looking to the future of JTPA, the Department will continue to emphasize redirection toward remediation and higher occupational skill training levels, while ensuring continued local flexibility and independence in the area of program planning to accomplish the goals of the Act. Legislative proposals currently being prepared for submission to Congress will limit eligibility to economically disadvantaged individuals, targeting those with a basic skills deficiency. Proposals may also include provisions for targeting of specific hard-to-serve groups. An assessment of needs would be required for each participant, and an individualized service strategy would be developed to meet those needs. The provision of remedial education is frequently a precondition to providing higher skill training to those in the "most in need" category.

II. THAT THE SECRETARY COLLECT DATA NECESSARY TO MEASURE DIFFERENCES IN PROGRAM OUTCOMES ASSOCIATED WITH SUCH TRAINING.

We currently collect data which provide some indication of the relationship between higher level training and program outcomes, and anticipate that additional information will soon be avail-

able. Existing sources of data as well as initiatives to supplement our current knowledge are identified below.

The Department's Job Training Quarterly Survey (JTQS) contains data extracted from the administrative records of a nationwide sample of Title II-A and Title III participants. The JTQS provides data on program activities, length of training, placement, and wages at placement. Although the training activities identified in the survey are broad and generally cannot be directly linked to skill levels, the data provide information relating types of training activities to participant outcomes.

A national JTPA study, begun in 1985, is collecting data to measure the net impacts of the Title II-A program on participants. Designed as a classical experiment, this study features random assignment to participant and non-participant groups and is operating in 16 SDAs. This study is explicitly designed to assess the cost effectiveness of the range of training activities authorized in the JTPA. A benefit-cost analysis will measure the impact of each of these activities, including the effects of higher levels of training on participant earnings. Enrollment of participants is scheduled to be completed by September 30, 1989. Follow-up data will be collected for two and one-half years following enrollment. The first analytical report on net impact is scheduled for 1991.

Another indication of our recognition of the need for better data is the new data collection instrument developed for use in the revised Title III program established under the Economic Dislocation and Worker Adjustment Assistance (EDWAA) Act. This reporting instrument will provide data on the length of training (long- or short-term) and the number of participants completing basic education training, occupational skill training, and on-the-job training. It will also collect data on pre- and post-program average wage as well as 90-day follow-up average wage. These data will assist in DOL's evaluations of the relationship between the types of participants served, the services provided, and the results achieved. These data will also enable States to establish and implement a system to provide incentives for training of longer duration, as required under EDWAA.

We also expect that the new programmatic directions being developed will include a new data collection instrument to reflect the program's increased emphasis on providing intensive training to the hard-to-serve.

III. THAT THE SECRETARY MONITOR THE EFFECT OF MORE INTENSIVE TRAINING ON THE NUMBER OF PARTICIPANTS THE PROGRAM CAN SERVE AND ON PROGRAM OUTCOMES, INCLUDING PLACEMENT RATES EXPERIENCED BY THE LESS JOB READY RECEIVING HIGHER SKILL TRAINING.

We agree with the GAO that monitoring the effects of more intensive training would be beneficial. The Department has taken several steps to achieve this goal, but has some reservations concerning systemwide data collection, as we explain below.

We anticipate that our current National JTPA study will provide pertinent information on the impacts of JTPA training for the least job-ready, most job-ready and intermediate program enrollees. We will also look at the outcomes for those groups by whether they were assigned to receive classroom training, OJT or less intensive treatments.

During the six years of the JTPA program, the Department has maintained a policy toward data collection and analysis which considers the types of data necessary for program evaluation and the most appropriate means of collecting such data. We have attempted to minimize the paperwork burden on States and local entities while ensuring the availability of reliable data on which to base evaluations of the programs. In this vein, it has been our policy to collect much of the data necessary for program evaluation through research studies rather than through universal data collection instruments. Information to evaluate the effect of more intensive training will be collected as part of the two significant studies currently underway in this area.

As you know, the Department does not rely exclusively on research studies to provide data for program evaluation. Since JTPA's inception, we have continually assessed the usefulness of our routine data collection instruments. We have revised these instruments in order to emphasize new policy directions, as in the collection of data on participant reading levels, long-term AFDC recipients, detailed information on youth competency skill areas attained, and changes in Title III reports as a result of EDWAA. We are concerned, however, about the feasibility of establishing data collection instruments which can be easily administered, allow for local variations in determining the characteristics of the "less job ready," and provide the types of data necessary to evaluate local programs fairly and accurately.

IV. THAT THE SECRETARY PROVIDE GUIDANCE TO SDAs TO ENSURE THAT THE LENGTH OF OJT CONTRACTS ARE COMMENSURATE WITH THE SKILL LEVEL OF THE JOB INVOLVED.

We agree that there is a need for more explicit guidance to ensure that lengths of OJT contracts are commensurate with the

skill levels of the jobs involved. We are currently considering legislative and/or regulatory options to address this issue.

Our concern regarding the contracting issue in general is evidenced by the steps undertaken during the past two years to establish clear guidelines for the JTPA system in its use of fixed unit price, performance-based contracts. This procedure culminated in the March 13 Federal Register notice spelling out DOL's official policy interpretation regarding use of these contracts in JTPA programs.

The Department's policy, as elucidated in the FR notice, is that fixed unit price, performance-based contracts must clearly spell out all elements of the training package, including the hours and/or numbers of weeks of training. In addition, the Department recommends that OJT contracts be written directly with employers or other service providers if possible. General contracts for OJT (i.e., those not written directly with the employer) must identify what will be provided by the employers actually providing the OJT, and the general contractor must ensure the reasonableness of all elements of subcontractor cost, and document its subcontractor negotiations. We believe that these provisions constitute a first attempt to deal with the issue.

In support of additional education of local JTPA staffs, the Department is currently developing a JTPA procurement training package for use by States and SDAs. This training will focus on strengthening the system's use of cost reimbursement and fixed unit price contracts including appropriate cost/price analyses and contract elements for each type of training program (i.e., OJT, classroom training, basic education, etc.).

Finally, as we redirect the system toward providing better quality training to those most in need of such training and measure program effectiveness through post-program outcomes, the provision of lower-skill occupational training should diminish. We expect that the types of lower-skill OJT contracts identified in the GAO report as prone to excessive duration will gradually cease to exist. Clarification of our policy on fixed unit price, performance-based contracts works to inform the system that those most in need of training can benefit from, and should receive, higher-skill occupational training.

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