

**A Review of the Job Training
Partnership Act Program
in California**

Introduction.....	1
Executive Summary.....	2
Chapter I	
<i>The Job Training Partnership Act Program in California</i>	
JTPA Funding.....	3
Participant Characteristics.....	4
JTPA Serves Less Than 3 Percent of Eligible Individuals.....	4
JTPA Service to Target Groups is Mixed.....	6
Chapter II	
<i>JTPA Performance</i>	
Data on Local Training Activities and Outcomes is Seriously Deficient.....	7
Wide Variety of Local Training Services.....	8
State Needs to Further Define What Constitutes a JTPA Placement.....	9
Statewide JTPA Performance.....	10
Performance Standards and Incentive Awards System Does Not Encourage Excellence.....	11

Table of Contents

Introduction

The Job Training Partnership Act (JTPA) program is one of the primary government programs providing employment and training services in California. In this report, we review selected elements of the operation of the JTPA program.

Our intent in preparing this report is twofold: (1) to provide the Legislature with information about the performance of JTPA in California after three years of operation and (2) to recommend to the Legislature steps which can be taken at the state level to improve the program's performance in future years. Specifically, we hope these recommendations will be implemented in time to affect the next JTPA two-year program cycle (1988-1990). Because JTPA is a locally run program, we have focused primarily on issues concerning the state's oversight of the program.

In preparing this report, we used statewide data on JTPA operations provided by the Job Training Partnership Office (JTPO). In addition, because the state does not collect certain key pieces of information about the program, we asked 10 sample Service Delivery Areas (SDAs) to provide information on their local programs.

We wish to thank the staff of the JTPO for their assistance in preparing this report. In addition, we are grateful to the SDAs who made a special effort to provide information for this report.

This report was prepared by Andrea Kane under the supervision of Hadley Johnson. It was typed by Tanya Elkins and formatted for publication by Suki O'Kane.

♦

Executive Summary

The Job Training Partnership Act (JTPA) program is a federally funded employment and training program for disadvantaged individuals. The JTPA, which is the successor to the Comprehensive Employment and Training Act (CETA), began operating in California in October 1983. Seventy-eight percent of the federal funds allocated under Title II-A of the federal act pass through the state to 51 local Service Delivery Areas (SDAs) for the purpose of providing employment and training services to economically disadvantaged youth and adults. Our review focuses primarily on the Title II-A 78 percent program (referred to here as the basic job training program), which is the largest component of JTPA.

Findings and Recommendations

JTPA Serves a Small Number of Those Eligible for Services. In aggregate, the SDAs served 2.5 percent of the individuals eligible for the Title II-A 78 percent program in 1985-86.

Service to Target Groups is Mixed. State and federal law require SDAs to serve certain segments of the eligible population in proportion to their share of the total eligible population. In 1985-86, statewide performance in serving target groups was mixed, with some groups overrepresented among JTPA participants and other groups underrepresented.

Data on Local Training Activities is Deficient. Our review indicates that comparable statewide data on training

activities and results do not exist. We believe the Legislature and the state agencies charged with oversight of the JTPA program need such information in order to assess the merits of various training strategies. Therefore, we recommend that the Legislature adopt supplemental report language directing JTPO and the Job Training Coordinating Council (JTCC) to work with the SDAs to develop standard training definitions and procedures for reporting training activities and outcomes.

State Needs to Further Define What Constitutes a JTPA Placement. We found that the current definition of placement for the JTPA program may not ensure quality placements nor is it consistent among SDAs. We recommend that the Legislature adopt supplemental report language directing JTPO and JTCC, with the assistance of the SDAs, to develop a standard definition of placement which goes beyond the minimum federal standard.

Performance Standards and Incentive Awards System Does Not Encourage Excellence. Our report describes two primary concerns with this system. First, the performance standards do not encourage SDAs to provide the most effective training services. Second, incentive awards--which are supposed to promote and reward *outstanding* performance--are given to all but a few SDAs. In light of these findings, we recommend that the Legislature adopt supplemental report language requiring JTCC and JTPO, with the assistance of SDAs, to develop a proposal for improving California's performance standards and incentive awards system. ♦

Chapter I

The Job Training Partnership Act Program in California

The Job Training Partnership Act (JTPA) is a federally funded program which provides employment and training services to disadvantaged adults and youth, older workers, and displaced workers. The Job Training Partnership Office (JTPO) within the Employment Development Department (EDD) administers JTPA at the state level, while the Job Training Coordinating Council (JTCC) sets policy for California's job training programs. The JTPA program is operated at the local level by 51 Service Delivery Areas (SDAs) and Private Industry Councils (PICs). (Our use of the term SDA encompasses both the SDA and the PIC.)

JTPA Funding

The JTPA funds are allocated to the states by the federal Department of Labor (DOL) under several sections of the federal act. The single largest component of JTPA is Title II-A funds which are allocated to California to provide training to youth and adults. Under Title II-A, 78 percent of the funds are allocated to the SDAs to provide basic job training and employment services to economically disadvantaged youth and adults. The remaining 22 percent of the Title II-A funds support specific

programs, as follows: (1) 3 percent for training older workers, (2) 8 percent to coordinate with educational entities and to provide educational services for participants in the Greater Avenues for Independence (GAIN) program, (3) 6 percent for incentive awards and technical assistance to the SDAs, and (4) 5 percent for state administration of the JTPA program and special projects.

The SDAs also receive funds under Title II-B to provide employment services to youth during the summer months. In addition, the state receives funds under Title III to provide employment and training services to dislocated workers. Title IV provides funds for employment programs for veterans, Native Americans, and migrant and seasonal farmworkers. These funds are administered directly by the federal government.

Table 1 shows federal funding for JTPA in the prior, current, and budget years. The table shows that the current-year budget includes \$187.9 million in JTPA funds carried over from 1985-86. When the figures are adjusted to account for this carry-over, the department has budgeted identical federal funding levels for 1986-87 and 1987-88. This is because the DOL has not yet notified EDD regarding the actual

amount of federal funds the state will receive in the budget year.

Participant Characteristics

Table 2 shows the characteristics of individuals who participated in the Title II-A 78 percent program in 1985-86. In general, the table shows that JTPA served:

- Slightly more women than men.
- About equal numbers of youth (age 14-21) and adults.
- More than twice as many individuals who had completed high school or equivalency examinations (57 percent) as school dropouts (23 percent).

JTPA Serves Less Than 3 Percent of Eligible Individuals

The JTPA program reaches a relatively small number of individuals eligible for services in California. Data provided by JTPA indicate that SDAs served 2.5 percent of those eligible for the Title II-A basic job training program in 1985-86. Table 3 shows the number of individuals eligible for the program by target group and the number actually served in 1985-86. The table shows that:

- JTPA served between 2 and 3 percent of the eligible women, hispanics, dropouts, and veterans.

Table 1
Job Training Partnership Act
Federal Funding Levels
1985-86 through 1987-88
(dollars in thousands)

Program	Actual	Estimated	Proposed	Change from 1986-87	
	1985-86	1986-87	1987-88	Amount	Percent
Title II--Local Programs:					
Adult and Youth program (carry-over)	\$149,994	\$209,461 (61,576)	\$147,885	-\$61,576	-29.3%
Summer Youth program (carry-over)	81,815	134,842 (67,150)	67,692	-67,150	-49.7
Subtotals (carry-over)	\$231,809	\$344,303 (128,726)	\$215,577	-\$128,726	-37.4%
Subtotals, less carry-over	\$231,809	\$215,577	\$215,577	--	--
Title II--State Programs:					
Educational Linkages	\$15,603	\$26,362	\$15,168	-\$11,194	-42.5%
Incentive Grants	7,771	24,537	11,363	-13,174	-53.7
Administration (special projects)	10,157 (2,062)	14,390 (4,751)	9,360 (326)	-5,030 (-4,425)	-35.0 -93.1
Older Workers	6,280	10,620	5,688	-4,932	-46.4
Title III--Displaced Workers	13,660	34,792	9,892	-24,900	-71.6
Title IV-C--Veterans	-0-	800	800	--	--
Subtotals (carry-over)	\$53,471	\$111,501 (59,200)	\$52,271	-\$59,230	-53.1%
Subtotals, less carry-over	\$53,471	\$52,301	\$52,271	-\$30	NMFA ^a
Totals (carry-over)	\$285,280	\$455,804 (187,926)	\$267,848	-\$187,956	-41.2%
Totals, less carry-over	\$285,280	\$267,878	\$267,848	-\$30	NMFA ^a

^a Not a meaningful figure.

- The program served approximately 4 percent of the blacks and AFDC recipients eligible for services.
- JTPA served almost 5 percent of the eligible Asians.

The SDAs could serve a larger share of the eligible population if they spent all of their annual allocation. In 1985-86, for example, the SDAs spent only 77 percent of their available Title II-A basic job

training funds. Thus, to the extent that SDAs spent more of their available funds, they could have served *more* than 80,000 individuals, or 2.5 percent, of the eligible population. It should be noted, however, that even if the SDAs spent 100 percent of their available resources, the JTPA program would still be serving a relatively small fraction of those who are eligible for services.

Table 2
Participant Characteristics
JTPA Title II-A 78 Percent Program
1985-86

	Total Participants	
	Number	Percent
Sex		
Male	39,200	49%
Female	40,743	51
Totals	79,943	100%
Age		
Youth: 14-15	1,568	2%
16-21	34,409	43
Adult: 22-44	38,602	48
45-54	3,804	5
55+	1,560	2
Totals	79,943	100%
Education		
School dropout	18,317	23%
Student	16,255	20
High school graduate, equivalency, or post high school	45,371	57
Totals	79,943	100%

Table 3
JTPA Service to Eligible Population
California
1985-86

Characteristics of Population	Total	Eligible Population	
		Number Served ^a	Percent Served
Women	1,851,709	40,708	2.2%
Blacks	416,755	15,652	3.8
Hispanics	853,856	23,496	2.8
Asians	162,008	7,792	4.8
AFDC recipients	543,060	21,717	4.0
Dropouts	1,254,363	18,280	1.5
Veterans	294,314	6,216	2.1
Total eligible population ^b	3,166,977	79,883	2.5%

^a Number enrolled in JTPA Title II-A 78 percent program.

^b Total is less than sum of target groups because some individuals are counted in more than one target group.

JTPA Service to Target Groups is Mixed

Federal and state law require SDAs to serve certain segments of the eligible population in proportion to their share of the total JTPA eligible population. Our review of JTPA service levels indicates that the SDAs are serving most target groups at least in proportion to their share of the eligible population. Several groups, however, are not receiving a proportionate level of services.

Table 4 shows the extent to which California served target groups in the Title II-A program in 1985-86. As the table indicates, California failed to serve women, dropouts, and veterans in proportion to their share of the eligible population. It should be noted that the large difference (16 percent) between the proportion of dropouts in the eligible population and their actual service level is at least partially due to confusion over the definition of dropout. The JTPO advises that it is attempting to clarify this issue. ♦

Table 4
JTPA Service to Target Groups in California
1985-86

<i>Characteristics of Population</i>	<i>Proportion of Eligible Population</i>	<i>Actual Service Level^a</i>	<i>Difference</i>
Women	58%	51%	-7%
Blacks	13	20	7
Hispanics	27	29	2
Asians	6	10	4
AFDC recipients ^b	18	27	9
Dropouts	39	23	-16
Veterans	9	8	-1

^a Percent of total participants enrolled in Title II-A 78 percent program.

^b Federal law actually requires equitable service to registrants in the Work Incentive program. However, JTPO does not have accurate data for this group.

Chapter II

JTPA Performance

In this chapter, we examine the performance of the JTPA program in California. In attempting to analyze this issue, we found major shortcomings--at both the state and local levels--in the available data on training activities and outcomes. Consequently, there is limited information about how JTPA is working and the kinds of services it is providing. This chapter addresses five issues: (1) data on local training activities and outcomes, (2) the wide variety of local training services, (3) the definition of "placement" in the JTPA program, (4) statewide JTPA performance, and (5) the performance standards and incentive awards system.

Data on Local Training Activities and Outcomes is Seriously Deficient

We recommend that the Legislature adopt supplemental report language directing the JTCC and JTPO, with the assistance of the SDAs, to develop by September 15, 1987 standard training definitions and procedures for reporting on local training activities and outcomes.

Currently, the JTPO does not collect data on (1) the mix of training activities actually offered by each SDA or (2) the results of each type of training activity. While the SDAs include information in their job training plan on the extent to which they *plan* to use various types of training activities--such as classroom training, on-the-job training, and work experience--they are not required to report

information on the *actual* mix of activities used or on the results of each training activity. Thus, JTPO cannot tell the Legislature:

- How many individuals participate in the various types of job training activities.
- The job placement rate for each of these training activities.
- The average wage at placement for participants by training activity.
- The cost of putting someone through each training activity.

Since JTPO does not collect information about the SDAs' training activities and outcomes, we asked 10 SDAs to provide the information to us directly. The 10 sample SDAs serve 40 percent of the JTPA participants in the state.

Most of the SDAs we contacted maintain some information on program activities and outcomes for their own management purposes. However, only two SDAs were able to readily extract from their computer systems the requested information. Five SDAs were able to supply the information only by special programming and calculations and even then were not able to provide complete information. Three other SDAs were not able to provide any information in time for preparation of this analysis.

Unfortunately, the information we did receive was of limited value because:

- *The SDAs do not have standard procedures for tracking costs and outcomes for individual clients, especially if the individuals participate in more than one training activity.* It was particularly difficult to compare costs and outcomes for individuals who participated in (1) recruitment, intake, and assessment and (2) job search and placement assistance.
- *The SDAs do not use standard definitions for training activities, even though the training activity categories we asked about were the same as those used by JTPO.*
- *Several SDAs could not provide basic information including (1) the average wage at placement and (2) entered employment rate for individuals in different training activities.*

We recognize that local variation is an important feature of the JTPA program and do not intend that SDAs have identical computer systems and client tracking methods. We do believe, however, that the state needs comparable and meaningful information on local program activities and outcomes in order to carry out its oversight responsibility for the JTPA program. In addition, the Legislature needs this information in order to assess the effectiveness of the JTPA program. Specifically, this information is necessary in order to determine which kinds of training activities work best under certain circumstances--for example, urban or rural areas--and for what kinds of people--for example, welfare recipients. Furthermore, we believe such information could help the SDAs to plan and operate more effective training programs. In fact, several of the SDA staff we contacted thought the state *should* collect information on program activities and outcomes.

Beginning in 1987-88, JTPA will require SDAs to provide data on individual participants. This data will include infor-

mation which the state currently lacks regarding program activities and outcomes. This data, however, will not prove useful unless there is greater standardization of definitions and tracking procedures among the SDAs.

Therefore, we recommend that the Legislature adopt supplemental report language directing JTPO and JTCC to work with the SDAs to develop standard training definitions and procedures for reporting training activities and outcomes. The following supplemental report language is consistent with this recommendation:

"The Job Training Partnership Office and the Job Training Coordinating Council, with the assistance of the Service Delivery Areas, shall develop standard definitions for training activities and standard procedures for reporting on training activities and outcomes. This information should be available by September 15, 1987 in order to be used in the next Job Training Partnership Act two-year planning cycle."

Wide Variety of Local Training Services

Because of the data problems discussed above, we are able to describe the use of various training activities for only 6 of the 10 sample SDAs. These 6 SDAs serve 16 percent of the JTPA participants statewide. As Table 5 indicates, on average, classroom training is the most widely used training activity. However, the average masks considerable variation among SDAs. For example, one SDA placed more than half of its participants in classroom training, while another SDA put only 10 percent of its participants in this activity. Similar variation exists in the use of on-the-job or worksite training, job search assistance and direct placement, and work experience for youth.

Table 5
Percent of Participants in Various Training Activities in Six SDAs
1985-86

Type of Training	Percentage of Training Slots Used by SDAs		
	Average	High	Low
Classroom training	27.5%	57.6%	10.7%
On-the-job/ worksite	22.7	46.9	9.3
Job search/direct placement	15.2	25.2	-0-
Work experience ^a	9.7	78.5	-0-

^a Youth only.

State Needs to Further Define What Constitutes a JTPA Placement

We recommend that the Legislature adopt supplemental report language directing JTPO and JTCC, with the assistance of the SDAs, to develop by September 15, 1987 a standard definition of "placement" which is more rigorous than the existing federal placement standard.

One of the basic measures of success in the JTPA program is the entered employment rate. For purposes of calculating this rate, the state relies on a federal definition which counts as a placement any JTPA participant who finishes training and enters part- or full-time unsubsidized employment. Under this definition, a JTPA participant who is employed for only one day would count toward the entered employment rate. It should be noted that (1) some SDAs have established higher standards for placements and (2) the state requires a higher standard for placements under certain contracts.

The state has the discretion to define placement in a variety of ways which go beyond the minimum federal standard. For example, the definition of placement could include (1) that the placement be in a training-related job, (2) that the trainee receive a specified average wage at placement, or (3) that the trainee retain

the job for a certain time period. Such definitions would not preclude the SDAs from establishing their own additional requirements. Such definitions would ensure, however, that training funds are used more effectively and that the reported placement rate is comparable statewide.

Consequently, we recommend that the Legislature adopt supplemental report language directing JTPO and JTCC, with the assistance of the SDAs, to develop a standard definition of "placement" which goes beyond the existing minimum placement requirement. The following supplemental report language is consistent with this recommendation:

"The Job Training Partnership Office and the Job Training Coordinating Council, with the assistance of the Service Delivery Areas, shall develop a standard definition of placement which exceeds the existing federal placement standard. The new definition should be developed by September 15, 1987 in order to be used in the next JTPA two-year planning cycle."

Statewide JTPA Performance

The JTPA is a performance-driven program. Federal law establishes seven standards for measuring SDAs' performance in administering the JTPA Title II-A 78 percent program and the SDAs receive incentive awards according to their ability to exceed these standards. There are four adult performance standards and three youth performance standards as follows:

Adult

- Entered employment rate.
- Entered employment rate for welfare recipients.
- Average wage at placement.
- Cost per entered employment.

Youth

- Entered employment rate.
- Positive termination rate (youth who entered employment or achieved specified benchmarks such as returning to school or attaining youth competencies).
- Cost per positive termination.

The DOL establishes a national perfor-

mance rate for each standard. In turn, performance rates are established for each SDA based on the national rates adjusted for local factors including the population served, local economic factors, and the length of training provided. For example, an SDA's entered employment rate standard is reduced if it serves a relatively large number of dropouts, while its cost per entered employment standard is raised if it provides relatively long-term training programs. These adjustments are made in order to recognize that in general it is more difficult to place dropouts in jobs and long-term training is relatively expensive. Thus, the performance standards and incentive awards system influences the policy set by the SDA in terms of the people it serves, the training activities it provides, and the results it expects.

Although there are no performance standards for the state as a whole, we believe it is useful to examine how the JTPA program is working overall in California. Table 6 shows actual statewide performance compared with the performance standards calculated for the

Table 6
Statewide JTPA Performance
1984-85 and 1985-86

Performance Measure	1984-85			1985-86		
	Standard	Actual	Percent Exceeded Standard	Standard	Actual	Percent Exceeded Standard
Adult						
Entered employment rate (EER)	58%	66%	14%	55%	69%	25%
Welfare EER	46	57	24	43	60	40
Average hourly wage at placement	\$5.11	\$5.18	1	\$4.98	\$5.59	12
Cost per entered employment ^a	\$4,746	\$4,026	15	\$5,792	\$3,599	38
Youth						
Entered employment rate	32%	51%	60%	29%	52%	79%
Positive termination rate	79	77	-3	77	79	3
Cost per positive termination	\$3,513	\$2,794	20	\$4,469	\$2,757	38

^a Exceeding cost standard means actual costs were below cost standard.

state as if it were an SDA. In other words, the standards take into account the population served by the state, statewide economic conditions, and the average length of training provided statewide.

The table indicates that California is performing quite well as compared to the performance standards. In addition, performance improved significantly between 1984-85 and 1985-86. The state exceeded six of the seven performance standards by a healthy margin, but only exceeded the youth positive termination standard by a small amount. Positive termination is an area where the SDAs have had difficulty in the past. However, performance does seem to be improving as the SDAs become more experienced in developing and implementing competency-based programs for youth.

Performance Standards and Incentive Awards System Does Not Encourage Excellence

We recommend that the Legislature adopt supplemental report language requiring JTCC and JTPO, with the assistance of the SDAs, to submit to the Legislature by December 1, 1987 a plan for improving the performance standards and incentive awards system.

Currently, the state awards incentive grants to SDAs which exceed five of their seven performance standards and fail no standard by more than 15 percent. Our analysis indicates that both the performance standards and the criteria for distributing incentive awards should be modified to encourage and reward outstanding performance.

Do Current Performance Standards Encourage Appropriate Performance Objectives? We believe that some of the performance standards do not encourage the SDAs to provide the most effective services to some clients. For example, the cost per entered employment (adult) and cost per positive termination (youth)

standards encourage SDAs to provide inexpensive training services. In fact, an SDA's incentive award increases in proportion to the extent to which its costs are below the performance standards. Quick, inexpensive training, however, may not be the most effective strategy for helping some JTPA participants to compete in the labor market.

Similarly, the entered employment performance standard does not ensure quality placements. As discussed above, SDAs may count toward their entered employment rate any participant who finishes the program and finds a job. This job need not be training related, which means the individual might have found the job without JTPA assistance. Furthermore, there is no assurance that the individual remained employed for any longer than one day.

The state has quite a bit of flexibility to modify performance standards. Some states, for example, have augmented the federal performance standards by requiring that a certain number of adults retain their jobs for 13 weeks. Other states weight the seven performance standards according to state priorities.

Almost All SDAs Receive Incentive Awards. Over the past three years, the SDAs' success in meeting the performance standards has improved significantly. Table 7 shows the number of SDAs which qualified for incentive awards and the number which exceeded all seven standards between 1983-84 and 1985-86. The number of SDAs exceeding all seven performance standards has risen dramatically from 14 percent in 1983-84 (the first year incentive awards were granted) to 74 percent in 1985-86. In addition, 92 percent of the SDAs received incentive awards for 1985-86.

The purpose of the JTPA incentive awards is to encourage and reward *outstanding* performance. Clearly, a system which gives incentive awards to 92

Table 7
 JTPA Incentive Awards
 1983-84 through 1985-86

SDAs Who:	1983-84		1984-85		1985-86	
	Number	Percent	Number	Percent	Number	Percent
Received incentive awards	45	90%	42	84%	47	92%
Exceeded all performance standards	7	14	23	46	37	74

percent of the SDAs does not achieve this objective. Even SDAs performing below average--relative to other SDAs--receive incentive awards.

The state has considerable discretion in establishing criteria for awarding incentive grants to the SDAs. For example, some states award incentive grants only to SDAs which spend all their available funds. Other states reserve a portion of the incentive funds as a bonus for the top performers in the state.

There are a number of steps California could take to ensure that performance standards and incentive awards truly encourage and reward outstanding performance including the following:

- Adjust some or all performance standards. For example, the state could raise the cost standards, thereby removing the incentive to provide quick, inexpensive training.
- Establish additional standards reflecting state priorities.
- Raise the criteria for qualifying for incentive awards. For example, the state could require that SDAs exceed a specified number of performance standards by 10 percent or exceed all seven standards in order to qualify for an incentive award.

Representatives of SDAs and JTPO have been studying the performance standards

and incentive awards issue for a couple of years. The JTCC voted to postpone changing the present system until these representatives had two full years of performance data to evaluate. Two years of data are now available (1984-85 and 1985-86). Therefore, we recommend that the Legislature adopt supplemental report language requiring the JTCC and JTPO, with the assistance of the SDAs, to develop a proposal for improving California's performance standards and incentive award system. The following supplemental report language is consistent with this recommendation:

"The Job Training Partnership Office and the Job Training Coordinating Council, with the assistance of the Service Delivery Areas, shall develop a plan for modifying the performance standard and incentive award system in order to encourage and reward outstanding performance among Service Delivery Areas in California. This plan should be submitted to the Legislature by December 1, 1987 and changes to the performance standards and incentive award system should be announced before the Service Delivery Areas complete their planning for the 1988-1990 program cycle." ♦