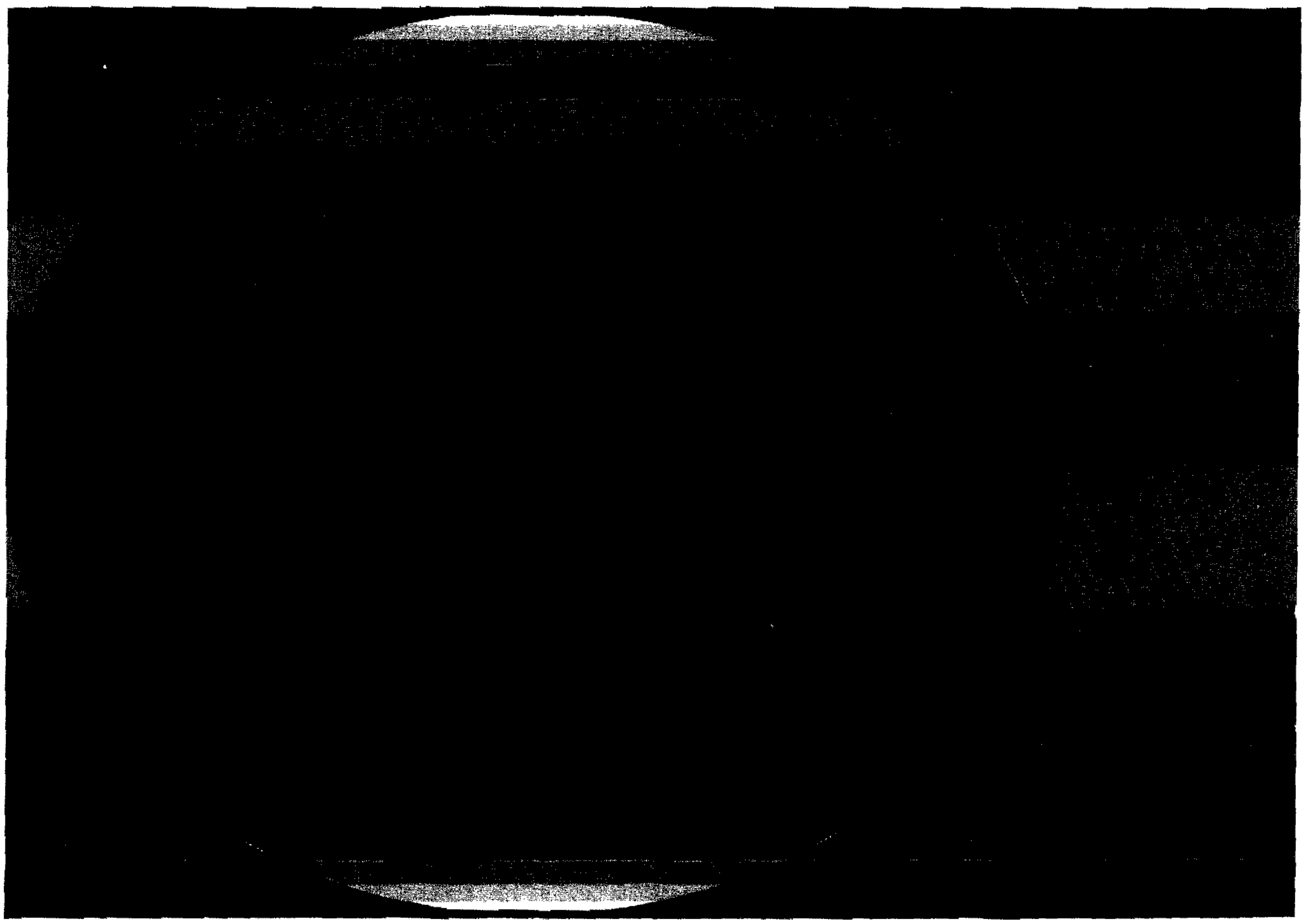
BACKGROUND PAPER

CETA Reauthorization Issues

August 1978



Congress of the United States
Congressional Budget Office

CETA REAUTHORIZATION ISSUES

The Congress of the United States

Congressional Budget Office

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PREFACE

On September 30, 1978, the authorization for Comprehensive Employment and Training Act (CETA) programs expires. This paper analyzes current CETA programs and the changes that would result under reauthorization bills proposed by the Administration, the Senate Human Resources Committee, and the House Education and Labor Committee. The paper was prepared in response to requests from the Senate and House Committees on the Budget; the Senate Human Resources Committee; and the Employment Opportunities Subcommittee of the House Education and Labor Committee.

The paper was written by Charles L. Betsey of the Congressional Budget Office's Human Resources and Community Development division, under the supervision of Robert D. Reischauer and David S. Mundel. John Sheils provided essential computer assistance. Valuable advice was provided by other CBO staff, especially Steve Chadima, Richard A. Hobbie, George Iden, Cyrus Karr, Sophie Korczyk, and Charles Seagrave.

In addition, helpful comments were provided at various stages of the project by a large number of individuals, including Anthony Carnevale, Carole Cox, Robert Fulton, Susan Grayson, Joan Hunziker, George Johnson, Steve Juntila, James O'Connell, John Palmer, Isabel Sawhill, Darla Schecter, Peggy Taylor, and Alair Townsend.

The paper was edited by Mary Richardson Boo under the supervision of Robert L. Faherty. Norma Leake and Toni Wright provided excellent secretarial assistance throughout the typing of the various drafts of this paper and prepared the manuscript for publication.

In accordance with the CBO's mandate to provide objective and impartial analysis, this paper contains no recommendations.

Alice M. Rivlin
Director

August 1978

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SUMMARY

The Congress is currently considering legislation to reauthorize the Comprehensive Employment and Training Act (CETA), which expires at the end of fiscal year 1978. Among the important issues involved in this reauthorization process are:

- o Which CETA activities have been most effective and how can they be encouraged?
- o How can CETA programs be concentrated on those most in need of services?
- o How can CETA activities be better coordinated with other employment and training services?

WHICH CETA ACTIVITIES HAVE BEEN MOST EFFECTIVE AND HOW CAN THEY BE ENCOURAGED?

CETA is a diverse program. Its activities include public service employment (PSE), work experience, institutional training, on-the-job training (OJT), and programs for special population groups such as migrants, older workers, and youth. The purposes of CETA are also diverse--to increase participants' employment, current and future earnings, and employability. Some CETA programs and activities are primarily structural, designed to remedy discrepancies between participants' skills and job requirements; others are primarily countercyclical, intended to phase out as aggregate unemployment declines. CETA has public service employment programs of both types.

Because CETA is a relatively new program, little information is available on its impact, but there are numerous evaluations of earlier employment and training programs that supported similar activities. Assessments of these pre-CETA programs indicate that highly structured training programs serving disadvantaged clientele have had the highest measured impacts on post-program employment and earnings. Even these impacts have been relatively small, however, with average annual earnings gains of $400 to $800 lasting up to 18 months and dissipating thereafter. Work experience programs have had little measurable impact on the

subsequent employment success of participants. The effects of public service employment are much more uncertain. The net job creation potential of public service employment has been widely disputed since the inception of the Public Employment Program (PEP), a CETA predecessor authorized by the Emergency Employment Act of 1971. Recent estimates of fiscal substitution--the share of PSE funding that simply replaces state and local monies that would have been spent anyway--range from 18 to 100 percent. The long-term structural effects of PSE on participants' earnings and employment are also uncertain.

The Congress is considering several methods for encouraging the provision of more effective CETA services while maintaining a decentralized delivery system. The Administration and the House Education and Labor Committee have proposed establishing limits on the funding of structural public service employment programs. Under both proposals no more than 50 percent of funds expended under the general, structurally oriented employment and training program--Title II--could be used for PSE and work experience activities. This 50 percent limit, however, would result in little change in current funding patterns in these programs. The CETA bill reported out by the Senate Human Resources Committee would not restrict the pattern of funding among structurally oriented employment and training activities.

The level of funding for Title VI (countercyclical) PSE would be restricted under all three of the proposed bills:

- The Senate committee bill would require that structural PSE programs be funded at $3 billion as a condition for funding countercyclical PSE. Since the Senate bill would authorize "such sums as are necessary" to fund Title VI jobs, it would afford flexibility in building up the number of PSE jobs and would allow funding to adjust to changes in the average cost of PSE jobs and the size of the labor force. It would make phasing down PSE more difficult.

- The House committee bill would require Title VI PSE funding to provide jobs for 25 percent of the unemployed in excess of 4 percent of the labor force. This formula would result in gradual changes in the level of PSE funds as the unemployment rate changed. The number of PSE jobs would not be eroded by changes in the cost of PSE jobs or by the size of the labor force.

- The Administration bill would require that funds for countercyclical PSE be obligated on the basis of changes in the unemployment rate, above 4.75 percent. Changes in the required funding would be relatively abrupt. Since the bill specifies dollar amounts of obligations, the number of PSE jobs under the Administration bill would be eroded by changes in the average cost of jobs, as well as by increases in the size of the labor force.

HOW CAN CETA PROGRAMS BE CONCENTRATED ON THOSE MOST IN NEED OF SERVICES?

Employment problems remain concentrated in segments of the labor force. The economy has experienced a recovery from the depths of the recent recession, but, while the national unemployment rate in June 1978 was 5.7 percent, the rates for blacks and other nonwhites, youth, and adult women were much higher. Less educated and lower income workers are also experiencing greater employment difficulties than the general population.

Funding constraints limit participation in CETA programs to only a small share of those eligible for services. If broad eligibility rules make large numbers of individuals eligible for a limited number of employment or training slots, program operators may "skim," choosing those eligibles who are easiest to serve rather than those most in need of service. The eligibility rules proposed in all three CETA bills are likely to reduce the size of the population eligible for Title II programs and more effectively limit participation to the most disadvantaged. All three bills would require that eligibles be both economically disadvantaged (with family incomes no higher than $7,000 indexed by family size, region, and metropolitan residence; or whose families receive cash assistance benefits) and either unemployed, underemployed, or in school. Under these proposed eligibility rules, larger proportions of eligibles would be recipients of Aid to Families with Dependent Children (AFDC) benefits, nonwhites, females, and members of low-income families than under current Title I eligibility requirements (see Summary Table). While the scope for skimming can be reduced by limiting the size of the eligible population, skimming cannot be completely eliminated.

SUMMARY TABLE. CHARACTERISTICS OF CETA ELIGIBLES UNDER CURRENT LAW AND UNDER THE ADMINISTRATION, AND SENATE AND HOUSE COMMITTEE PROPOSALS: PERCENT DISTRIBUTION AND TOTALS IN MILLIONS

Program/Eligibles	Current Law	Senate Human Resources	House Education and Labor	Administration
CETA Title I/II a/				
Total (millions)	35.0	6.4	6.4	6.4
Nonwhite	24.7	34.1	34.1	34.1
Female	58.4	59.4	59.4	59.4
AFDC	16.2	30.8	30.8	30.8
Less than high school graduate	58.4	56.0	56.0	56.0
With family income below $7,500	76.1	99.6	99.6	99.6
CETA Title VI				
Total (millions)	6.0 b/	1.8	1.8	1.6
Nonwhite	43.1	36.6	35.1	38.9
Female	70.5	45.4	44.7	44.9
AFDC	88.2	24.6	22.1	30.8
Less than high school graduate	58.7	53.3	52.0	54.7
With family income below $7,500	83.6	87.2	82.4	93.9

SOURCE: Congressional Budget Office tabulations of the 1976 Survey of Income and Education. Statistics are for those eligible during March 1976.

a/ Current Title I programs would be carried out under Title II of the proposed bills.

b/ Current law Title VI(b) under the 1976 amendments.

The eligible group for Title VI PSE jobs would be substantially reduced, compared with current Title VI(b), under the Administration and Congressional committee CETA bills. At the same time, all of the proposed bills would, in general, result in targeting the PSE program on a less disadvantaged clientele than was accomplished by the Title VI amendments of 1976. Targeting, however, would continue to be better than it was in the pre-1976 PSE program.

HOW CAN CETA ACTIVITIES BE BETTER COORDINATED WITH OTHER EMPLOYMENT AND TRAINING SERVICES?

CETA is the major but not the only provider of federal employment and training services. Services provided through the Work Incentive (WIN) program, Community-Based Organizations, the Employment Service, and some private employers overlap and perhaps duplicate those provided by CETA. Better coordination of activities might result in better service for participants and reduced overall budget costs. Proposed welfare reform legislation--such as the Administration proposal (H.R. 9030), the House Welfare Reform Subcommittee bill (H.R. 10950), or the Baker-Bellmon proposal (S. 2777)--would require a better coordinated program than currently exists.

Neither the current CETA law nor any of the proposed alternatives clearly delineate the relative responsibilities of CETA prime sponsors and other agencies such as the Employment Service. In the absence of clearer definitions of agency roles, programs of job search and relocation assistance proposed in the various bills would cause further uncertainty and duplication of effort.

Better and more extensive coordination would also be required if any of the major welfare reform proposals introduced in the 95th Congress were enacted. These proposals would provide public service jobs and training to program eligibles. Differences in eligibility rules, allowable wage rates, and specified length of program participation in PSE under CETA and welfare would be the cause of considerable confusion.

All of the CETA reauthorization bills would establish under Title VII a program designed to increase the participation of private sector employers in providing employment and training services to CETA participants; the intended result would be the increased placement of CETA workers and trainees in unsubsidized

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jobs. Since private sector involvement in such activities is likely to vary directly with the overall level of economic activity, government training and employment activities might be planned to vary inversely with private sector involvement.

CHAPTER I. INTRODUCTION

The Comprehensive Employment and Training Act (CETA) of 1973, which consolidated many then-existing manpower programs, was enacted "to provide job training and employment opportunities for economically disadvantaged, unemployed, and underemployed persons." 1/ Most CETA funds are distributed to 450 prime sponsors--usually general-purpose local governments--that directly provide or contract for classroom and on-the-job training, work experience, public service employment, and other labor-market services in order to provide CETA participants employment and training in the short run and to increase their employability in the long run.

CETA expires at the end of fiscal year 1978, and several important questions about the future shape of its employment and training system have arisen in the reauthorization debate. These include:

- Which of the various CETA activities--training, work experience, public service employment, and labor-market information--have been most effective and hence should be emphasized in the future?

- To what extent should CETA be targeted on those who are most severely disadvantaged in the labor market: racial and ethnic minorities, youth, and the poorly educated? How sensitive is targeting to changes in program eligibility rules?

- To what extent should CETA funds be concentrated on geographic areas with high levels of labor-market problems?

- How can the delivery of employment and training services by CETA prime sponsors be improved and coordinated with those of the Employment Service, the Work Incentive (WIN) program, private employers, and other agencies and programs providing services that overlap with those of CETA?

1/ P.L. 93-203, Section 2.

These issues are discussed in the following chapters of this paper. Chapter II reviews the activities and effects of the major CETA employment and training programs. Because CETA is relatively new and very little is known about its impact, judgments about the effectiveness of its programs are based largely on extrapolations of the results of earlier similar programs, such as the Manpower Development and Training Act, the Economic Opportunity Act, the Emergency Employment Act, and others.

The impact of proposed changes in the level and mix of CETA activities is evaluated in Chapter III. Chapter IV explores the issue of targeting: Do CETA services reach those in need? It also examines how the current and proposed definitions of eligibility affect the size and characteristics of the eligible population. Chapter V describes the criteria used to target CETA program funds on needy geographic areas and discusses the implications of alternative definitions. Chapter VI discusses the CETA delivery system and its coordination and overlap with other providers of employment and training services, as well as various alternative delivery approaches.

Throughout the paper, the provisions of the current law, the Administration's CETA reauthorization proposal (H.R. 11086), the Senate Human Resources Committee bill (S. 2570), and the House Education and Labor Committee bill (H.R. 12452) are compared with one another for illustrative purposes.

CHAPTER II. CETA PROGRAM ACTIVITIES AND THEIR IMPACTS

Since the enactment of CETA in 1973, funding for the program has grown from $1.5 billion (31 percent of the federal employment and training effort) to $9.6 billion (73 percent of the fiscal year 1978 federal employment and training budget). This chapter describes the activities funded under CETA and reviews what is known about their impact.

CETA ACTIVITIES

CETA activities are similar in many ways to earlier programs administered by the Department of Labor (DOL) and the Office of Economic Opportunity (OEO). On-the-job and institutional training, public service employment, work experience, and other labor-market service activities have continued under CETA, though their relative emphasis has changed. CETA was to have been a major step towards decategorization of the federal manpower effort (that is, individual eligibility would not be determined on the basis of whether one fit a certain category--for example, AFDC recipient). Several categorical programs, however, including the Job Corps, migrant and seasonal farmworker programs, Native American programs, and a number of youth programs, were transferred to CETA with little alteration.

The various programs authorized by CETA are:

Title I -- provides job opportunities, training, education, and other services intended to enable participants to secure and retain employment.

Title II -- provides transitional public service employment in jobs providing needed public services in areas of substantial unemployment.

Title III -- provides services such as those in Titles I and II to population groups in particular need, such as youth, migrant and seasonal farmworkers, and Native Americans.

Title IV -- provides residential and nonresidential programs of education, vocational training, and other activities through the Job Corps.

Title V -- establishes the National Commission for Manpower Policy, which studies employment issues and makes periodic reports to the Congress.

Title VI -- provides transitional employment for unemployed, underemployed, and low-income persons.

Title VII -- establishes Young Adult Conservation Corps to provide youth with employment and other benefits while they engage in conservation work on public lands and waters.

Training

Institutional Training. During fiscal year 1977, about 22 percent of all CETA funds were devoted to training (see Table 1). CETA provides institutional (classroom) and on-the-job training (OJT) activities to increase the skills and productivity of its participants. Training is provided directly by prime sponsors and through contracts with both private and nonprofit organizations. Most CETA skill training has been carried out under the authority of Title I. Since the enactment of CETA, however, there has been a gradual shift in emphasis away from training, particularly institutional training, toward other activities, notably public service employment.

Institutional training is also provided by the Job Corps, which was originally established under Title I-A of the Economic Opportunity Act (EOA) of 1964. With the passage of CETA in 1973, Job Corps authority was shifted to Title IV of CETA. The Job Corps is aimed at low-income and disadvantaged youth aged 14 to 22. During fiscal year 1978, approximately 58,000 youths are expected to participate, at a cost of $274 million. The cost per participant is expected to be $6,200. Job Corps training takes place in centers located in several states and Puerto Rico. Job Corps centers are administered directly by DOL and, under contract, by private industry and other government agencies. There are three types of centers:

TABLE 1. CETA PROGRAM EXPENDITURES, BY ACTIVITY, FISCAL YEARS 1975-1978: IN MILLIONS OF DOLLARS AND PERCENT DISTRIBUTION

Program Activity	1975 a/ Dollars	1975 a/ Percent	1976 Dollars	1976 Percent	1977 Dollars	1977 Percent	1978 Dollars	1978 Percent	1979 b/ Dollars	1979 b/ Percent
Training	752	25.6	1,138	21.7	1,305.6	22.1	1,648.1	17.0	2,133.1	18.2
OJT c/	118	3.9	272	5.2	339.2	5.7	398.9	4.1	675.3 d/	5.8
Classroom	634	20.8	866	16.5	996.4	16.4	1,249.2	12.9	1,457.8	12.4
Work Experience	1,355	44.4	1,491	28.5	1,494.8	25.3	2,023.2	20.9	3,097.3 e/	26.4
Public Service Employment	900	29.5	2,425	46.4	2,938.2	49.7	5,803.2	60.0	6,262.0	53.4
Other	47	1.5	173	3.3	170.4	2.9	201.7 f/	2.1	239.7	2.0
Total	3,054.0	100.0	5,227.0	100.0	5,909.0	100.0	9,676.2	100.0	11,732.1	100.0

a/ Fiscal year 1975 includes Manpower Development and Training Act and Economic Opportunity Act under CETA Section 3A.

b/ Administration estimate.

c/ On-the-job training.

d/ Includes Private Sector Initiative.

e/ Includes youth programs.

f/ Includes $5 million Disabled Veterans Outreach Program.

- Civilian Conservation Centers (CCCs), small residential centers located on Department of Agriculture or Department of Interior lands.

- Contract Centers, operated under contract by sub-federal government agencies private nonprofit or profit-making organizations.

- Extension Centers, which provide advanced training in vocational skills, as well as on-the-job training. 1/

CETA funds also support vocational education activities that involve institutional training. Title I of CETA mandates that 5 percent of its funds be earmarked for grants to state governors for vocational educational programs. 2/ In fiscal year 1978, an estimated $97.6 million will be spent on vocational education under CETA. 3/ CETA vocational education funds have been used for training allowances, purchase of equipment, vocational guidance, and, predominantly, classroom training. 4/ Vocational education program activities under the Vocational Education Act of 1963 were originally designed to encourage state and local education agencies to provide market-related job training that would prepare individuals for productive employment in a changing labor market and would meet the special needs of those not successful in regular high school programs. These program

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1/ Congressional Budget Office, Employment and Training Programs, Staff Working Paper (1976).

2/ P.L. 93-203, Section 103(c).

3/ U.S. Department of Labor, Office of Administration and Management, Budget Division.

4/ Vocational education funds are allocated on the same basis as other Title I funds. The current CETA law restricts the amount of vocational education funds received by local prime sponsors to not more than 20 percent of its basic Title I allocation. (The Administration's proposed CETA legislation would reduce the amount to 10 percent.) Earmarked CETA vocational education funds account for only a small (8 percent) share of federal vocational education support, which is administered primarily by the Office of Education.

activities have been broadened under CETA, however, to include services for the educationally handicapped, as well as the disadvantaged, and post-secondary school enrollees (primarily in community and junior colleges).

On-the-Job Training (OJT). About $400 million will be spent in fiscal year 1978 for on-the-job training activities. The proportion of CETA funds devoted to OJT activities has been 4 to 6 percent of the total (see Table 1). The Administration's fiscal year 1979 budget would increase OJT expenditures by nearly 70 percent to $675 million, or 6 percent of the total.

OJT participants receive job-related training and instruction. They typically are given training stipends or trainee-level wages while enrolled in the program.

Public Service Employment (PSE)

Public service employment activities are funded under CETA to serve as a countercyclical measure during periods of high unemployment and to assist participants' transition to unsubsidized public sector jobs. Between fiscal years 1975 and 1978, CETA public service employment outlays grew sixfold, from $900 million to $5.8 billion (see Table 2). Further, whereas public service employment accounted for 30 percent of CETA expenditures in fiscal year 1975, an estimated 60 percent of CETA monies will be spent on public service jobs in fiscal year 1978.

Roughly 96 percent of CETA public service employment funds come from Titles II and VI; relatively small amounts are funded under Titles I (2 percent) and III (0.4 percent). The Work Incentive (WIN) program public service employment effort accounts for 1.3 percent of all public service employment funding.

PSE jobholders are employed by state and local government agencies or by nonprofit organizations. They provide a variety of services from child care to police and fire protection. During fiscal year 1978, the estimated average federal cost for a full-time PSE employee is $8,600. This cost includes overhead and fringe benefits as well as participants' wages, which may be supplemented by local employing agencies.

TABLE 2. PUBLIC SERVICE EMPLOYMENT EXPENDITURES AND JOB SLOTS, FISCAL YEARS 1975-1978: IN MILLIONS OF DOLLARS

	1975	1976	1977	1978 a/	1979 a/
Expenditures					
CETA Title II	503	-- b/	-- b/	-- b/	-- b/
CETA Title VI	246	2,179.6	2,738.4	5,580.5	6,035.5
Other c/	151 d/	245	199.8	222.7	226.5
Total	900	2,425	2,938.2	5,803.2	6,262.0
Job Slots	111,262	290,300	344,100	680,900	725,200

SOURCE: Unpublished Department of Labor data.

a/ Estimated.

b/ Titles II and VI were combined under an emergency supplemental appropriation.

c/ Includes WIN, Title I, and Title III public service jobs.

d/ Includes $53 million of Emergency Employment Act.

Work Experience

Work-experience programs provide part-time employment opportunities in settings outside traditional labor markets. The work experience is usually provided either as an adjunct to classroom training or it is offered to participants who are unable to hold full-time jobs (for example, school-age youth, the elderly, and female AFDC recipients with school-age children). These part-time jobs are located in public and private nonprofit agencies. 5/

5/ Department of Labor, Employment and Training Report of the President, 1977, p. 45.

Little information exists about the nature of CETA work-experience program activities. 6/ In general, these programs are modeled on similar pre-CETA programs, such as the OEO-funded Neighborhood Youth Corps (NYC) and Operation Mainstream programs. NYC activities were divided into three separate programs:

- NYC In-School: A program administered by state and local governments and private nonprofit agencies, providing potential dropouts, part-time employment, remedial education, and varying levels of supportive services.

- NYC Out-of-School: A work-experience program designed to increase earnings and school attendance by providing part-time employment to former school dropouts.

- NYC Summer Jobs: A work-experience program designed primarily to reduce teenage crime and provide income. This program became the principal component of NYC, accounting for approximately three-fourths of NYC enrollments during fiscal year 1972. 7/

Operation Mainstream was designed as a work-experience program for "chronically unemployed and poor adults" who were not served by existing programs. Operation Mainstream programs primarily served individuals who were unable to obtain employment or training because of their age, physical condition, obsolete skills, or poor economic conditions. 8/ Program activities varied widely across project sites, but included training, placement, and work experience as subprofessional aides and clerical workers in rural conservation and beautification projects (Green Thumb), and community service programs.

6/ Program data on work-experience programs sponsored under CETA relate only to participant characteristics, costs, and enrollment levels.

7/ Charles Perry and others, The Impact of Government Manpower Programs (Philadelphia: University of Pennsylvania Press, 1975), p. 425.

8/ Ibid., p 454.

Job Placement

CETA prime sponsors themselves often provide job placement assistance for program participants or offer assistance in conjunction with other agencies, principally the U.S. Employment Service (ES). CETA job placements are defined in three broad categories, depending on the degree of program responsibility for the placement: 9/

- Direct placements: Individuals are placed in unsubsidized jobs after receiving only intake, assessment, or job-referral services.
- Indirect placements: Individuals are placed in unsubsidized employment after receiving CETA-sponsored employment, training, or support services.
- Self-placement: Individuals find jobs on their own initiative.

About 750,000 CETA Title I, II, and VI participants were placed in unsubsidized jobs in fiscal year 1977. CETA job placement activity is much lower than that of the Employment Service, which provided job placement assistance and counseling to approximately 4.1 million individuals in fiscal year 1977 through 2,500 local employment service offices. 10/ In some areas, ES is responsible for eligibility certification for public service employment. 11/

9/ CETA program data categorize participants who leave the program to enroll in school or other manpower programs as "other terminations"; and those who leave for reasons unrelated to jobs as "nonpositive terminations." Department of Labor, Employment and Training Report of the President, 1978, p. 43.

10/ Unpublished Department of Labor data.

11/ Mark L. Chadwin and others, The Employment Service: An Institutional Analysis, U.S. Department of Labor, R&D Monograph 51 (1977).

Programs for Special Client Groups

Under Title III, CETA provides employment and training services to such specific client groups as youth, Native Americans, and migrant and seasonal farmworkers. In addition, the Work Incentive (WIN) program for welfare recipients and the Community Service Employment Program for Older Americans (CSEOA) provide services similar to those provided under CETA. With the exception of the programs for older workers, programs for special client groups cover a variety of activities similar to those provided by general CETA funds: work experience, classroom and on-the-job training, and public service employment (see Table 3). 12/

Summer Program for Economically Disadvantaged Youth. The summer youth program accounts for 51 percent of all funds provided to serve special target groups. During fiscal year 1978, it is expected to provide work experience during the summer months for about 1 million participants. 13/ The summer youth program is similar to the Neighborhood Youth Corps summer program, but larger.

Migrant and Seasonal Farmworker Programs. Migrant and seasonal farmworker programs provide services designed "to improve living and working conditions for those who wish to continue in the agricultural labor market, while aiding others to find more stable employment in other occupations." 14/ The programs resemble those previously sponsored by the Office of Economic Opportunity. The CETA authorizing legislation requires that these programs receive 5 percent of Title I appropriations. 15/

12/ CSEOA programs provide work experience with public and private nonprofit employers for individuals 55 and older. The Summer Youth program provides classroom training and work experience.

13/ Unpublished Department of Labor data.

14/ Department of Labor, Employment and Training Report of the President, 1977, p. 52.

15/ P.L. 93-203, Section 303(2).

TABLE 3. CETA PROGRAM EXPENDITURES FOR SPECIAL CLIENT GROUPS, BY ACTIVITY, FISCAL YEARS 1977 AND 1978: IN MILLIONS OF DOLLARS

Program	On-the-Job Training 1977	On-the-Job Training 1978 a/	Classroom Training 1977	Classroom Training 1978 a/	Work Experience 1977	Work Experience 1978 a/	Public Service Employment 1977	Public Service Employment 1978 a/	Other 1977	Other 1978 a/	Total 1977	Total 1978 a/
CETA Title III												
Migrant and seasonal farmworkers	4	5	15	18	6	7	—	--	36	45	61	75
Native Americans	3	11	14	20	23	12	12	19	b/	2	52	64
Summer youth	—	—	--	--	575	672	--	--	—	--	575	672
Community Service Employment for Older Americans	--	--	--	--	72	150	--	—	--	--	72	150
Work Incentive Program	106	100	50	52	14	18	68	74	122	108	360	352
Total	113	116	79	90	690	859	80	93	158	155	1,120	1,313

SOURCE: U.S. Department of Labor, Employment and Training Administration, Office of Administration and Management, Division of Budget Formulation and Analysis.

a/ Estimated.

b/ Less than $0.5 million.

Sixty percent of the $75 million in fiscal year 1978 migrant and seasonal farmworker program funds will be spent on "other" services, including child care, medical and dental care, housing, and nutritional services. 16/ Approximately 7 percent of funds will be used to provide institutional training, 24 percent for on-the-job training, and 9 percent for work-experience programs.

Native American Programs. Programs serving American Indians, Eskimos, and Aleuts under the Native Americans program receive a legislatively mandated share (4 percent) of Title I funds. Of the $64 million estimated for expenditure under this program in fiscal year 1978, 31 percent will be used for institutional training. About 5,000 individuals will be served by the training programs; about 9,600, by the public service employment and work-experience programs.

Work Incentive (WIN) Program. The Work Incentive program was authorized by amendments to Title IV of the Social Security Act of 1967. It is designed to offer a variety of work, training, and social services to employable Aid to Families with Dependent Children (AFDC) applicants and recipients. A revised program, WIN II, became effective in July 1972. It refocused WIN efforts toward direct placement, providing training, counselling, and other services only when direct placement is not feasible. Supportive services offered through WIN include day care, medical services, and transportation. The WIN program is jointly administered by the Departments of Labor and Health, Education, and Welfare. 17/

THE IMPACT OF CETA

Evaluations of CETA activities have not been completed because the program is new and because its administration is decentralized. Nevertheless, similarities between CETA and earlier employment and training programs make studies of the latter useful in the CETA reauthorization process. Unfortunately, however, conclusions about the effectiveness of various pre-CETA programs in increasing earnings and employment stability

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16/ Unpublished Department of Labor data.

17/ Ibid., pp. 57-58.

differ widely, making the results difficult to interpret. Positive results from program participation are often found among some participant groups, while no impact is apparent for others.

Impact of Training

CETA Title I training activities resemble those funded under the Manpower Development and Training Act (MDTA) of 1962. MDTA programs included classroom training, remedial and skill training, on-the-job training, supportive services, and training allowances. Although the initial objective of MDTA was to retrain mature, experienced family heads displaced by technological and economic change, the program's emphasis shifted to training lower income and unemployed workers, and to on-the-job rather than institutional training. 18/

The major pre-CETA on-the-job training programs were carried out under MDTA and the National Alliance of Businessmen's Job Opportunities in the Business Sector Program (NAB-JOBS). Under the contract portion of this latter program, private firms were reimbursed on a fixed-fee basis for the extraordinary costs of hiring, training, and providing supportive services to disadvantaged new workers (long-term unemployed minorities and others with special handicaps).

Evaluation studies of various pre-CETA programs found that the impact of these employment and training efforts depended on the type of training offered and the kind of client served. More formal institutional and on-the-job training programs had generally greater impact on earnings and employment than either work-experience or public employment programs. Individuals with labor-market disadvantages (racial and ethnic minorities, youth, and women) usually experienced the largest gains from program participation, when compared with similar individuals not in the program.

18/ Perry and others, The Impact of Government Manpower Programs, p. 150.

Institutional Training. Studies of the impact of MDTA classroom training programs indicate that earnings increased by $400 to $800 per year immediately following program completion. These added earnings declined in subsequent years. Minorities and women generally showed greater post-program gains in earnings than whites or males, but further evidence suggests that these relative gains did not persist. 19/

The increases in post-program earnings can be associated with either increased hourly earnings, increased employment during the year, or some combination of both. Recent studies indicate that the impact of training on wage rates is minimal: the wage rate increases of participants are not substantially different from those of nonparticipants. Nevertheless, training program experience may enable participants to find more stable employment than could previously be obtained, resulting in increased annual earnings. 20/

Job Corps. Although the evaluations of post-Job Corps employment and earnings gains are not definitive, most of the evidence indicates substantially improved post-program employment and wages. Earnings gains have also been found to increase with the length of program participation. Trainees have been placed in centers close to their homes in an attempt to reduce dropout rates and thereby increase the length of enrollee participation. One study of Job Corps effects showed that post-program gains are positive up to 18 months after completion of the program. 21/

19/ Congressional Budget Office, Employment and Training Programs; and Perry and others, The Impact of Government Manpower Programs, p. 166.

20/ Nicholas M. Kiefer, "The Economic Benefits of Four Manpower Training Programs" (paper presented at the Conference on Evaluating Manpower Training Programs, Princeton, N.J. 1976).

21/ Louis Harris and Associates, "A Study of the Status of August 1966 Job Corps Terminees 18 Months After Termination" (unpublished, 1968), cited in Perry and others, The Impact of Government Manpower Programs, p. 88.

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Vocational Education. Data for evaluating the impact of vocational education programs are generally inadequate or unused. 22/ One recent study indicates that despite the fact that many of the earlier studies were methodologically flawed, their conclusion that vocational education training per se does not lead to higher earnings than general or college preparatory education is a valid one, particularly in the case of black students. White students with high school level vocational training combined with post-high school training fared considerably better in terms of higher earnings than other whites. 23/

On-the-Job Training. OJT is generally estimated to increase post-training earnings by at least 20 to 30 percent more than institutional training. 24/ Further, OJT appears to be less expensive than institutional training, but costs of the former may be understated because employers may choose to bear a portion of the costs not compensated through the federal program. This apparent superiority in cost effectiveness may be distorted by the fact that OJT usually serves far fewer participants than institutional training, and employers may choose to provide training to only the most able applicants. On the other hand, OJT may provide participants access to previously unavailable employment. 25/

Economic gains to NAB-JOBS program participants, measured a year later by increases in the annual earnings of trainees relative to a comparison group, averaged $27 for white male trainees; $410 for white females; $108 for black males; and $182 for black females. 26/ The persistence of the increase in earnings

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22/ General Accounting Office, What is the Role of Federal Assistance for Vocational Education? (December 31, 1974).

23/ John T. Grasso, The Contributions of Vocational Education, Training and Work Experience to the Early Career Achievements of Young Men (Center for Human Resource Research, 1975).

24/ Perry and others, The Impact of Government Manpower Programs, p. 50.

25/ Congressional Budget Office, Public Employment and Training Assistance, pp. 28-31.

26/ Kiefer, "Economic Benefits of Four Manpower Training Programs," p. 15.

attributable to the program is unknown. Further, a General Accounting Office report on the NAB-JOBS program concluded that the program did not significantly alter hiring decisions. Instead, the program may have resulted in substantial windfall gains to employers who, because of a shortage of workers during the Vietnam War build-up period, would have hired similar workers in the absence of the program. 27/

Impact of Public Service Employment

Several kinds of criteria are relevant for evaluating public service employment programs: the net number of jobs created, their impact on participants' future employment and earnings, and the value of the public services provided by participants. Most evaluations of PSE have focused on job creation; less attention has been given to the impact of these jobs on the economic circumstances of the participants, and almost none to the value of the services.

Net Job Creation. The extent to which public service employment results in the creation of new jobs has been debated at least as long as such programs have existed. In 1976, the Congress directed the National Commission for Manpower Policy to study and report on the net job creation effects of public service employment. Two major reports resulted from this mandate. One reviewed the results of earlier econometric studies of fiscal substitution--the substitution of federal for local funds--and used econometric techniques to arrive at new estimates. Another study used field observers to report on the characteristics of CETA public service employment participants and jobs. These studies used different methodologies, each with its limitations. 28/

27/ To the extent that this occurred, subsidized workers may have displaced unsubsidized workers without increasing total employment. General Accounting Office, Evaluation of Results and Administration of the JOBS Program in Five Cities (1971).

28/ Michael E. Borus and Daniel S. Hamermesh, "Study of the Net Employment Effects of Public Service Employment--Econometric Analyses," in Job Creation Through Public Service Employment, Volume III, An Interim Report to the Congress of the

The econometric study indicated that econometric estimates of the degree of fiscal substitution are subject to a high degree of uncertainty and depend upon the time period studied and the assumptions used. The study found that the estimates of fiscal substitution were not statistically reliable and varied from an estimate that creating 100 CETA job slots led to a real increase of 44 jobs to an estimate that it actually reduced jobs by 42 during a five-quarter period.

The second study indicated that a relatively small share of CETA jobs (18 percent) are used to displace jobs that would have otherwise existed. This study defined displacement very narrowly and used survey methodology. The reliability of the data and the the potential for generalizing their results are difficult to assess. 29/

The varying estimates of the extent of fiscal substitution provide little guidance in assessing the extent of the problem, but several factors appear likely to reduce substitution:

- Fiscal substitution is less likely when wage rates are low and eligibility criteria are stringent. Although the federal wage level is important in limiting fiscal substitution, the degree of state and local supplementation allowed will also have an effect: the higher the supplementation allowed, the less restrictive the federal wage limit, and the more likely fiscal substitution.

- The degree of fiscal substitution may vary depending on the type of employing organization. For example, PSE jobs in local government may be more likely to lead to displacement than jobs in nonprofit organizations. 30/

National Commission for Manpower Policy (1978), pp. 89-149; Richard Nathan and others, Monitoring the Public Service Employment Program, vol. II, report prepared for the National Commission for Manpower Policy (1978).

29/ Another recent survey study by the National Research Council of the National Academy of Sciences cited by the Nathan study estimated that, during the first 10 quarters of CETA, fiscal substitution averaged 35 percent. National Academy of Sciences, CETA: Local Control of Manpower Programs (forthcoming).

30/ Nathan and others, Monitoring the Public Service Employment Program, pp. 32-38.

- o The type of public service job affects the degree of substitution. Special projects that have a relatively short time span seem to lead to less substitution than jobs involving regular activities and services.

- o The speed with which public service employment can be implemented (the build-up rate), as well as the number of jobs created, influence the effectiveness of public service employment as a countercyclical policy tool and the degree of fiscal substitution. The maximum build-up rate is partly a function of the capacity of state and local governments to absorb additional employees; unfortunately, however, there have been no evaluations of the determinants of this capacity. Experience with the current PSE program suggests that rapid implementation of PSE is possible. During the May 1977 to April 1978 period, PSE employment grew from 301,000 to 725,000, a build-up rate of 38,500 jobs per month. From May through November 1977, the rate was 45,500 per month.

Wage Rates. To date, little information is available on the post-CETA earnings experience of participants. The National Planning Association (NPA) study of the Public Employment Program (PEP) found that participants' post-program wages were increased by about 36 percent over pre-program levels. In most instances, participants who could not secure unsubsidized public sector jobs following the program did not sustain their earnings gains. 31/

Transition to Unsubsidized Employment. About 9.5 percent of CETA Title VI participants during fiscal year 1977 left the program to enter unsubsidized employment, mostly in the public sector. 32/ According to the NPA study of PEP, those most likely to obtain permanent public sector jobs were white, professional or clerical workers, and highly educated. 33/

31/ National Planning Association, An Evaluation of the Economic Project of the Public Employment Program, Final Report, Volume I (May 22, 1974), pp. 69-90.

32/ During fiscal year 1977, only 22 percent of CETA Title VI participants left the program. Comptroller General, Information on the Buildup in Public Service Jobs, p. 41.

33/ NPA, An Evaluation of PEP, p. 90.

Impact of Work-Experience Programs

Few methodologically sound evaluations of the labor-market impact of the various NYC programs exist. One study found no significant relationship between participation in the program and subsequent earnings levels. 34/ In-school program participants had significantly higher post-high school earnings than similar nonparticipants, primarily because of their higher participation rates in the labor force. 35/

Analyses of the economic impact of Operation Mainstream have focused on the extent to which it acted as an income maintenance program for enrollees and produced socially useful services. Of the average $4,631 federal cost per year of service, about 83 percent, or $3,840, went to enrollees in the form of wages and other fringe benefits. Enrollees' income from other sources averaged about $1,000 per year. Since the median pre-enrollment family income was about $1,874, participants' incomes increased to $4,874, or about 123 percent of the 1970 poverty level threshold for a nonfarm family of four. 36/

Impact of Labor-Market Services

Placements. During fiscal year 1977, one-third of all individuals who left CETA programs were placed in unsubsidized jobs, compared with 29 percent in fiscal year 1976 (see Table 4). The proportion of those who left either to attend school or to enroll in other employment and training programs (including programs under other titles of CETA) was 36 percent, slightly less than the percentage in 1976. The proportion of participants who left for reasons unrelated to programs ("nonpositive terminations") declined slightly from 33 percent in 1976 to 29 percent in 1977.

34/ Kiefer, "Economic Benefits of Four Manpower Training Programs," p. 15.

35/ Perry and others, The Impact of Government Manpower Programs, p. 440.

36/ Current Population Reports, Consumer Income, Characteristics of the Population Below the Poverty Level: 1975, Series P-60, No. 106 (June 1977).

TABLE 4. PARTICIPANT TERMINATIONS FROM CETA TITLE I, II, AND VI PROGRAMS, FISCAL YEARS 1976 AND 1977: PERCENT DISTRIBUTION a/

Type of Termination	Total 1976	Total 1977	Title I 1976	Title I 1977	Title II 1976	Title II 1977	Title VI 1976	Title VI 1977
Positive	67.5	70.7	68.0	70.2	75.8	83.2	61.4	54.2
Placements	28.9	34.5	31.0	38.9	17.2	17.5	26.8	33.8
Direct	6.9	4.7	9.1	6.5	0.7	0.3	1.3	0.5
Indirect	15.5	21.7	16.2	24.5	11.2	11.9	15.3	19.2
Self	6.5	8.1	5.7	7.9	5.3	5.3	10.2	14.1
Other	38.6	36.2	37.0	31.3	58.6	65.7	34.6	20.4
Nonpositive	32.5	29.1	32.0	29.7	24.2	16.5	38.6	45.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Number of Participants (in thousands)	2,381.0	2,170.6	1,654.7	1,224.6	--	--	726.3 b/	946.0 b/

SOURCE: Department of Labor, Employment and Training Report of the President, 1977, p. 43; and unpublished Department of Labor data.

a/ Types of terminations are: positive, if they are related to jobs or activities that increase employability, and nonpositive if they are not; direct placements, if individuals are placed in unsubsidized employment after receiving job referral services; indirect placements, if placed in unsubsidized employment after receiving training, employment, or supportive services; self-placements, if individuals found jobs through their own efforts.

b/ Numbers refer to terminations under combined Titles II and VI.

Earnings. To date there is no information on the effectiveness of CETA placement activities in increasing participants' long-run earnings. Preliminary results from a study of the Employment Service indicate that applicants who received referral and placement services experienced more than 30 percent higher annual earnings gains than applicants who did not receive those services. After adjustments were made for demographic differences between the two groups, however, their relative annual earnings gains were not significantly different.

Impact of Programs for Special Client Groups

A few evaluative studies offer insights into the various programs for special client groups.

- o Summer Youth Program. To the extent that the current program is similar to earlier efforts funded under NYC, the effect of the program on participants' long-term employment and earnings is marginal at best. There is a sizable impact, however, on short-run unemployment rates. 37/

- o Migrant and Seasonal Farmworker Programs. Like earlier OEO programs, this program mainly provides supportive services. The most recent evaluation of a component of this program, made in 1974, indicated that 52 percent of the participants in the High School Equivalency Program (HEP) for migrant and seasonal farmworkers graduated; the average cost was $3,600 per graduate in 1972-1973. 38/

- o Native American Programs. Current programs are similar to those operated earlier by OEO. Evaluations of program impact are not available at this time.

- o Work Incentive (WIN) Program. WIN is designed to provide, individual AFDC recipients with services, incentives, and opportunities leading to unsubsidized employment, increased earnings, and reduced welfare dependency. Available evidence indicates limited effectiveness of the WIN program:

37/ Bernard E. Anderson, "Youth Employment Problems in the Inner City," in Congressional Budget Office, Report of Congressional Budget Office Conference on the Teenage Unemployment Problem: What Are the Options? (1976); Malcolm S. Cohen, "The Direct Effects of Federal Manpower Programs in Reducing Unemployment," Journal of Human Resources (Fall 1969), pp. 491-507.

38/ U.S. Department of Labor, Manpower Administration, Evaluation of High School Equivalency Programs for Seasonal Farmworkers, SEG Report No. 35 (May 1974).

-- Unsubsidized employment. During fiscal year 1976, about one-fourth of WIN registrants entered full- or part-time employment. 39/ Many WIN registrants might have found employment without participation. When WIN participants' experiences were compared with those of similar nonparticipants, WIN participation was found to decrease the number of weeks of unemployment by an annual average of 2 to 3 weeks for males, and by 4 to 5 weeks for females. 40/

-- Earnings. Analysis of WIN participant experience indicates limited earnings increases from program participation: no discernible increase in the average earnings of men, but increases of $143 to $225 per year in the average earnings of women. 41/

-- Welfare Dependency. There is considerable movement into and out of poverty, welfare status, and WIN. The effectiveness of the WIN program in reducing welfare dependency has been limited. WIN participation has resulted in little or no significant reduction in the number of weeks on welfare; most reductions were for those receiving training. 42/ The impact of WIN in reducing the size of welfare grants has also been limited: grants declined by $16-$25 per month for women, and only those men who were in WIN-PSE for eight months or more experienced a reduction in their welfare grants ($60 per month). 43/

39/ Congressional Research Service, Welfare Reform Background Paper (1977).

40/ Bradley Schiller and others, The Impact of WIN-II (Berkeley, Calif.: Pacific Consultants, 1976).

41/ Ketron, Inc., Differential Impact Analysis of the WIN-II Program (draft report, February 1978).

42/ Leonard Goodwin, "What Has Been Learned From the Work Incentive Program and Related Experiences: A Review of Research With Policy Implications, Final Report" (Worcester, Mass.: Worcester Polytechnic Institute, Department of Social Science and Policy Studies, February 1977; processed).

43/ Ketron, Inc., Differential Impact Analysis of WIN-II Program.

CHAPTER III. EFFECT OF ALTERNATIVE ACTIVITY RESTRICTIONS AND FUNDING TRIGGERS

The concepts of program flexibility and local decisionmaking by local program agents have been a primary concern in the establishment and operation of the current CETA program. Prime sponsors have usually been able, within broad guidelines, to determine the mix of activities that they believe to be most appropriate to their clients or that they most want to provide.

Congressional decisions on CETA funding levels, as well as the latitude accorded prime sponsors, have led to an increased emphasis in recent years on work experience and public service employment. The available evidence suggests, however, that training activities are more likely to increase future earnings and employment prospects than are public service employment and work experience. If that is correct, it may mean that the recent trend is undesirable. On the other hand, some of the ability to design programs to fit local needs would be lost if national standards required specific mixes of activities. Thus, a major policy issue is how to achieve more effective mixes of CETA activities.

THE IMPACT OF RESTRICTIONS ON ACTIVITY MIX

In order to emphasize the structural problems of the CETA client population and to provide "job training and employment opportunities for economically disadvantaged persons, which will result in an increase in their earned income," 1/ the House committee bill and the Carter Administration's CETA reauthorization proposal (H.R. 11086 and S. 2570) would limit to 50 percent the share of each prime sponsor's Title II CETA funds that can be used for public service employment and work experience. During fiscal year 1977, the combination of work experience and public service employment under Titles I and II accounted for 66 percent of Title I and II expenditures. Thus,

1/ H.R. 11086.

the effect of the proposed limit would be to decrease by nearly one-third the expenditures on work experience and public service employment relative to expenditures on training and other activities.

The Administration's fiscal year 1979 budget request, however, which was submitted before its CETA proposal, would continue to support 725,000 public service jobs. In that event, funding for the proposed Title II program would come solely from the $2 billion requested for current Title I programs. Accordingly, if prime sponsors viewed the 50 percent limit as a target, the result might be a small increase in the share of public service employment and work-experience activities above the Title I share of 47 percent in fiscal year 1977.

The Administration's CETA proposal would also restrict Title VI funding to public service employment and work-experience activities. The national effects of this restriction would be limited; in fiscal year 1977, only $6 million (less than half a percent) of Title II and VI funds were not devoted to PSE or work-experience activities. On the other hand, particular programs of some prime sponsors may be more affected by such a restriction.

Each of the proposed reauthorization bills would also establish a new program of job search and relocation assistance for economically disadvantaged, unemployed, and underemployed persons. This program would broaden the scope of services under CETA because job search and placement assistance are not currently identified as a separate CETA program. Although the proposed bill would allow local providers to determine whether CETA prime sponsors or the local Employment Service agencies would provide such services, increased CETA involvement is very likely.

RELATIVE SIZE OF THE PSE PROGRAM

In both the Administration and the House committee CETA bills, the level of public service employment activities funded under Title VI would be tied to the national rate of unemployment. The Senate committee bill would provide "such sums as may be necessary," as under current law.

According to the formula in the Administration bill (Section 602(b)), a base appropriation of $1 billion would be available for Title VI public service employment jobs regardless of the national unemployment rate. This sum would be distributed only among areas with substantial unemployment. 2/ The level of funding would increase when the unemployment rate rose above 4.75 percent; \$1 billion in additional funds would be provided on a quarterly basis for any full one-half percentage point increase above the 4.75 percent level. 3/ Funds would be obligated on an annual basis and reduced by the amount of "triggered" funds obligated during the three preceding quarters. The proposed trigger would not become effective until fiscal year 1980.

Starting in the first quarter of fiscal year 1980, obligations for public service jobs under the Administration proposal would be based on the national unemployment rate for

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2/ Areas with unemployment rates of 6.5 percent or higher for the previous four quarters.

3/ Although the bill specifies 4.75 percent, the governing rate would in fact be 4.8 percent since the Bureau of Labor Statistics does not announce its estimates to two decimal places.

The trigger formula can be expressed algebraically in the following manner:

$$\$PSE = \$1b + \left(\$1bT + \$1b \frac{(X - 4.75)}{0.5}\right)$$

Where

$\$PSE$ = PSE obligations

T = 0 if unemployment rate below 4.75 percent

= 1 if unemployment rate for most recent quarter exceeds 4.75 percent

X = quarterly seasonally adjusted national unemployment rate in whole one-half percentage points

The amount in parentheses would be reduced by the amount of obligations in the three preceding quarters. In fiscal year 1980:I, the most recent quarterly rate is 5.76.

$$\begin{aligned} \$PSE &= \$1b + \$1b(1) + \$1b \frac{(5.75 - 4.75)}{0.5} \\ &= \$1b + \$1b + \$2b \\ &= \$4b \end{aligned}$$

the most recent quarter. A 5.8 percent unemployment rate would result in obligations of $4 billion, enough to support approximately 409,000 public service jobs at an estimated cost of $9,789 per job (see Table 5). If the unemployment rate fell to 5.4 percent by the last quarter of fiscal year 1980, and to 4.9 percent in the final quarter of fiscal year 1981, obligations for public service employment jobs would decline. About $3 billion would be available in fiscal year 1981, funding 290,000 public service jobs, and $2 billion would be available in fiscal year 1982, supporting 183,000 public service jobs. Thus, the Administration's proposed trigger mechanism would phase-down public service employment funds and jobs as unemployment rates declined.

The Senate and House committee bills differ substantially from that of the Administration in their treatment of Title VI PSE. The Administration bill places all PSE in Title VI, whereas the Senate and House committee versions retain the current practice of dividing PSE between Title VI and Title II. In addition, the trigger for authorizing Title VI funds under the House and Senate committee bills differs from that in the Administration proposal.

The Senate Human Resources Committee bill authorizes "such sums as may be necessary" to fund Title VI PSE jobs. The bill anticipates that the necessary level of funding would decline with improvements in the overall economy. 4/ If the level of PSE jobs declined at the same rate as the total number of unemployed, about 399,000 Title VI PSE jobs would be funded in fiscal year 1979; 377,000 in fiscal year 1980; 351,000 in fiscal year 1981; and 332,000 in fiscal year 1982 (see Table 5). 5/

The House Education and Labor Committee bill would authorize Title VI funding sufficient to provide jobs for 25 percent of the unemployed in excess of 4 percent of the labor force. The House trigger would take effect in fiscal year 1980. Based on

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4/ Comprehensive Employment and Training Act Amendments of 1978, S.R. 891, 95 Cong. 2d sess. (1978), p. 77.

5/ The Senate committee bill provides that $3 billion must be provided for Title II PSE before Title VI positions can be funded. In fiscal year 1979, there would be approximately 326,000 Title II jobs.

TABLE 5. ESTIMATED OBLIGATIONS AND SLOTS FOR TITLE VI PUBLIC SERVICE EMPLOYMENT UNDER ADMINISTRATION AND SENATE AND HOUSE COMMITTEE BILLS

		Obligations (in millions of dollars)			Job Slots (in thousands)		
Fiscal Year by Quarter	CBO Projected Unemployment Rate a/	Administration bill b/	Senate Human Resources c/	House Education and Labor d/	Administration bill b/	Senate Human Resources c/	House Education and Labor d/
1979: I	6.19	1,489	780	1,489	725	399	490
II	6.07	1,489	780	1,489	725	399	490
III	5.98	1,489	780	1,489	725	399	490
IV	5.76	1,489	780	1,489	725	399	490
1980: I	5.73	1,000	928	1,086	409	377	444
II	5.64	1,000	928	1,034	409	377	423
III	5.50	1,000	928	956	409	377	391
IV	5.37	1,000	928	870	409	377	356
1981: I	5.24	750	926	838	290	351	324
II	5.15	750	926	778	290	351	301
III	5.06	750	926	721	290	351	279
IV	4.92	750	926	628	290	351	243
1982: I	4.85	500	930	617	183	332	226
II	4.78	500	930	568	183	332	208
III	4.71	500	930	519	183	332	190
IV	4.66	500	930	484	183	332	177

a/ Based on Congressional Budget Office, "Five-Year Economic Projection", staff memorandum dated March 28, 1978.

b/ Trigger mechanism takes effect in fiscal year 1980; 1979 obligations reflect Administration budget request on a quarterly basis.

c/ Estimates based on assumption that PSE slots decline at the same rate as the number of unemployed persons.

d/ Estimates based on assumption that number of PSE jobs equals 25 percent of the unemployed in excess of 4 percent of the labor force.

the Congressional Budget Office's projected decline in the unemployment rate, Title VI PSE jobs under the House proposal 6/ would decline from 490,000 in fiscal year 1979 to 177,000 in the last quarter of fiscal year 1982. 7/ These estimates suggest that the Senate committee proposal would result in the largest countercyclical PSE program in low-unemployment years (fiscal years 1981 and 1982), and the Administration proposal would result in the smallest program. Each of the bills would have the effect of substantially reducing Title VI jobs from their current levels as the economy improves.

The true test of the efficacy of a triggering device, however, is its operation in both periods of expansion and periods of contraction in the level of economic activity. Table 6 provides an illustration of the obligation of public employment funds under the Administration proposal during a hypothetical recession and recovery. 8/ The actual number of PSE slots depends on the pattern of outlays followed by prime sponsors, which is difficult to predict. 9/

This simulation shows that the quarterly changes in outlays for public service employment based on variation in the unemployment rate would be relatively abrupt. Because obligations vary with the amounts obligated in the three previous

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6/ The Congressional Budget Office's projected unemployment rate is displayed by quarter in Table 6.

7/ Approximately 235,000 Title II PSE slots would be in existence in fiscal year 1979 under the House committee bill.

8/ The figure in the table assumed that outlays will be spent at a somewhat slower rate than occurs at present, since all jobs would be in projects that take somewhat longer to mount than nonproject jobs. A similar analysis of the House and Senate triggers is not possible because they depend on the size of the labor force, which changes with the overall level of economic activity.

9/ This analysis assumes that each triggered amount is fully obligated in the quarter in which it is made available, and takes six quarters to spend out: Q_1 = \$62 million; Q_2 = \$188 million; Q_3 and Q_4 = \$250 million; Q_5 = \$188 million; Q_6 = \$62 million.

TABLE 6. PATTERN OF PUBLIC SERVICE EMPLOYMENT FUNDING UNDER H.R. 11086 TITLE VI DURING A HYPOTHETICAL RECESSION: RECOVERY CYCLE

Time Period	Unemployment Rate in Previous Quarter	Obligations (in billions of dollars)	Outlays (in millions of dollars)	Public Service Employment: Average (thousands)	Public Service Employment: End of Quarter (thousands)
Year 1:1	4.30	1	250	100	100
2	4.30	0	250	100	100
3	4.50	0	250	100	100
4	4.70	0	250	100	100
Total	4.45	1	1,000	100	100
Year 2:1	4.90	2	313	125	150
2	5.00	0	438	175	200
3	5.70	1	563	225	250
4	6.40	2	814	325	400
Total	5.50	5	2,128	213	250
Year 3:1	7.10	3	1,189	475	525
2	7.80	2	1,564	650	700
3	7.20	0	1,813	725	725
4	6.50	0	1,686	700	550
Total	7.15	5	6,252	638	625
Year 4:1	5.80	2	1,311	575	400
2	5.10	0	936	425	250
3	4.90	0	624	300	200
4	4.80	0	500	200	200
Total	5.15	2	3,371	375	263
Year 5:1	4.60	1	437	175	125
2	4.40	0	312	150	100
3	4.20	0	250	100	100
4	4.10	0	250	100	100
Total	4.32	1	1,249	131	106

SOURCE: Based on estimates provided by the Office of Management and Budget.

quarters, there is not always correspondence between the current quarter's unemployment rate and current obligations. Outlays may bear even less relation to the unemployment rate than do obligations, depending upon the amounts of funds carried in, the build-up rates, and the desired levels of job slots--factors largely outside the control of federal officials. The trigger also creates a "cliff effect" because the obligation of $1 billion in the first quarter of each fiscal year could hinge on the unemployment rate changing by one-tenth of a percentage point. Allowing obligations to vary by smaller amounts--say, $200 million for each one-tenth percentage point change in the unemployment rate--would reduce this problem. Finally, if a recession is relatively short, though severe, the funding mechanism proposed by the Administration bill may not be capable of building up public service jobs quickly enough to be of countercyclical value, and the level of jobs, once established, may be difficult to phase down.

Among the alternative ways of using a trigger is to insure that the level of public service employment will vary with the jobless rate. This method is incorporated in the House committee bill, which funds the number of public service jobs that would be sufficient to employ 25 percent of those unemployed above a 4.0 percent unemployment rate during the previous four quarters. At a 7.5 percent unemployment rate, 890,000 public service employment jobs would be funded by this formula; 380,000 jobs would be funded at a 5.5 percent unemployment rate. Changing the target level of unemployment or the proportion of unemployed to be served would alter the size of the program in relation to the unemployment rate. Changes in the number of job slots under this trigger would generally be more gradual than under the Administration proposal. In addition, the number of public service jobs would not be eroded by increases in the cost of PSE jobs, or the size of the labor force, as under the Administration proposal.

The language of the Senate committee bill is essentially that of the current CETA law. It would allow the most flexibility in building up the number of PSE jobs and would allow funding to adjust to changes in the average cost of PSE jobs and the size of the labor force. On the other hand, the lack of an explicit trigger would make phasing down the number of established PSE jobs more difficult than it would be under the other alternatives.

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CHAPTER IV. TARGETING CETA SERVICES ON THOSE IN NEED

Labor-market problems are concentrated among certain population groups: racial and ethnic minorities, youth, and those with low levels of education. During calendar year 1977, when the average national unemployment rate was 7.0 percent, the unemployment rate among nonwhites was 13.1 percent; among nonwhite youths 16 to 19 years old, the rate was 37 percent for males and 40 percent for females. In March 1977, when the overall unemployment rate was 7.9 percent, the rate for those with less than eight years of schooling was 10 percent compared with 3 percent for college graduates. 1/ Consequently, two major issues in the CETA reauthorization debate are the extent to which CETA should be targeted on those with the most severe labor-market problems, and whether targeting can be improved by changes in program eligibility rules.

The criteria that define eligibility for CETA programs are an important factor in determining the ability of the program to serve those most in need of CETA services. Changes in eligibility rules result in changes in the size and characteristics of the eligible population and the size of the program needed to serve the eligible group. In general, nonentitlement programs such as CETA serve only a small fraction of the eligible population. If job slots are limited, program operators must choose among eligibles, and they may favor eligibles who are the least costly to serve or who offer the most potential for post-program success. This selection process is known as "skimming" or "creaming." Broad eligibility criteria may include substantial numbers of those needing services, but they also create large pools of eligibles and make skimming more feasible.

1/ U.S. Department of Labor, Employment and Earnings, January 1978, Tables 1 and 3; U.S. Department of Labor, Educational Attainment of Workers, March 1977, Special Labor Force Report 209. For discussions of the causes of these disparities see Congressional Budget Office, Youth Unemployment: The Outlook and Some Policy Strategies (1978), Income Disparities Between Black and White Americans (1977), and The Unemployment of Nonwhite Americans: The Effects of Alternative Policies (1976).

Designing clear and appropriate eligibility criteria is not a simple task. Some groups in need of CETA services may be fairly easy to identify, for example, youth between 16 and 23 years old. Other groups present special problems both conceptually and statistically. For example, what is the appropriate definition and measurement of economic disadvantage or "insufficiency"? Is it residence in a "distressed" area, membership in a disadvantaged social group, or some combination of these and other factors?

ELIGIBLES UNDER CURRENT CETA DEFINITIONS

The pre-CETA employment and training programs (with the exception of the Emergency Employment Act and the early Manpower Development and Training Act efforts) were aimed primarily at the "disadvantaged." Under CETA, less emphasis has been placed on serving the disadvantaged. Although the CETA eligibility criteria include the "economically disadvantaged," the term has been defined broadly to include individuals from low-income families, the underemployed, and recipients of cash welfare and unemployment insurance benefits. In recent years, legislative amendments have narrowed the definition of CETA eligibles, while some administrative regulations have had the opposite effect. 2/

Current CETA regulations define eligibles for the various programs and titles along many dimensions, including age, ethnicity, area of residence, unemployment experience, veteran status, and income. Although the attributes of eligibles will not always match those of participants, wide disparities between the characteristics of the two groups indicate that the program is not serving those it was intended to serve.

Title I Eligibles

To be eligible for Title I activities, individuals must be either economically disadvantaged (having an income less than 70

2/ P.L. 94-444. The Carter Administration, in regulations that became effective in fiscal year 1977, changed the definition of economically disadvantaged from poverty level income to poverty level or 70 percent of the Bureau of Labor Statistics lower living standard, whichever is higher. The effect was to increase the eligible population for some programs by as much as 25 percent.

percent of the Bureau of Labor Statistics lower living standard or the poverty level, whichever is higher; or receiving cash welfare benefits), a foster child, unemployed at least seven days, or underemployed (working part-time for economic reasons, or a full-time worker in a poverty-level family). 3/

About 35 million individuals in 23 million family units were eligible for Title I activities in March 1975. The high incidence of older persons (more than one-fourth were age 55 or older), those with low levels of education, and cash assistance recipients in this eligible group indicates that Title I eligibility rules may be well targeted on persons with potential labor-market difficulties. At the same time, the characteristics of those who participated in the 448,000 years of service provided under Title I during fiscal year 1976 suggest that some skimming did occur. 4/

The characteristics of those eligible and those participating in the Title I program are not identical (see Table 7). Participants during fiscal year 1976 were better educated, considerably younger, more likely to be nonwhite, and less likely to be cash assistance recipients than eligibles. The proportion of participants in the labor force immediately before program entry was similar to the proportion of eligibles in the labor force (61 percent of participants and 52 percent of eligibles), but participants were more likely to have been previously unemployed than eligibles.

3/ The lower living standard budget developed by the Bureau of Labor Statistics is based on the consumption patterns of individuals in various parts of the nation. It is developed only for urban residents of major labor markets, but the Department of Labor periodically publishes allowable income levels based on state averages for all prime sponsor areas in which detailed area averages are not available. For a family of four in 1978, 70 percent of the lower living standard was $7,490 while the poverty level was $6,200.

4/ Years of service are numbers of full-year equivalent participants after accounting for turnover. Data on eligibles for calendar year 1975 from the Survey of Income and Education (SIE) are used to make comparisons with the data on participants taken from the Continuous Longitudinal Manpower Survey (CLMS). The latter were the most recent detailed data available on CETA participants.

TABLE 7. CHARACTERISTICS OF TITLE I ELIGIBLES AND PARTICIPANTS: PERCENT DISTRIBUTION, 1975

Characteristics	Eligibles a/	Participants b/
Male	41.6	56.0
Female	58.4	44.0
White	75.3	63.0
Nonwhite	24.7	37.0
Less than High School Graduate	58.4	50.0
In Labor Force	52.0	61.0
Employed	28.8	18.0
Unemployed	23.3	43.0
Age		
Under 18	10.7	23.0
18 - 21	13.9	31.0
22 - 29	18.1	26.0
30 - 44	18.3	13.0
45 - 54	10.3	4.0
55 and over	28.7	3.0
Median age	(35.0)	(20.5)
Cash Assistance		
AFDC	16.2	15.0
SSI	19.2	2.0
Food stamps	22.6	22.0
Total (in thousands)	34,959.7	448.3 c/

a/ Congressional Budget Office tabulation of the 1976 Survey of Income and Education (SIE). At the time of the survey, the national unemployment rate was 8.3 percent.

b/ Continuous Longitudinal Manpower Survey (CLMS) data for October 1975 to June 1976.

c/ Refers to years of service during fiscal year 1976.

It is impossible to tell whether the differences between those eligible and those participating in Title I are indications of skimming because all of the eligibles may not apply at the same rate. For example, one possible explanation for the relatively small number of cash assistance recipients among participants is the high rate at which various welfare program benefits are reduced as earnings increase, thereby discouraging participation. Moreover, the eligibility for some cash assistance programs may in itself indicate lack of employability; in the Supplemental Security Income (SSI) program, for example, eligibility is limited to the aged, blind, and disabled and their dependents.

Title VI Eligibles

The Title VI eligible population is larger than that of any other single CETA program except Title I. 5/ During March 1975, roughly 11.4 million individuals were nominally eligible for participation under Title VI, while approximately 227,000 years of service were provided under the combined Titles II and VI during fiscal year 1976.

The characteristics of Title VI eligibles indicate that those persons who are likely to have labor-market difficulties are eligible for the program, but the characteristics of participants indicate that they were not representative of the eligible population (Table 8). This could mean that a considerable amount of skimming has occurred in Title VI programs.

Title VI served far smaller proportions of females, nonwhites, the uneducated, and cash assistance recipients than were eligible. 6/ Eligibles and participants had similar labor

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5/ No attempt has been made to estimate the eligible population for Title II programs because available data do not permit the identification of Title II eligibles, who must reside in areas where unemployment rates are 6.5 percent or more for three consecutive months. Estimates made by the National Commission for Manpower Policy indicate that the size of the eligible population may be in the same range as for Title VI programs; National Commission for Manpower Policy, Annual Report (forthcoming), Chapter III.

6/ The data for participants are for the program prior to the introduction of targeting criteria in 1976.

TABLE 8. CHARACTERISTICS OF TITLE VI ELIGIBLES AND PARTICIPANTS: PERCENT DISTRIBUTION, 1975

Characteristics	Eligibles a/	Participants b/
Male	41.5	65.0
Female	58.5	35.0
White	65.8	76.0
Nonwhite	34.1	24.0
Less than High School Graduate	51.8	24.0
In Labor Force	76.6	79.0
Employed	21.4	24.0
Unemployed	55.2	55.0
Age		
Under 18	11.5	1.0
18 - 21	19.1	23.0
22 - 29	25.5	44.0
30 - 44	24.8	20.0
45 - 54	10.5	8.0
55 and over	8.6	4.0
Median age	(27.1)	(25.7)
Cash Assistance		
AFDC	51.8	4.0
SSI	10.2	2.0
Food stamps	34.3	9.0
Family Income c/		
0 - 7,499	65.7	59.0
7,500 - 9,999	9.8	13.0
10,000 - 14,999	10.9	16.0
15,000 or more	13.6	12.0
Total (in thousands)	11,365.2	202.6 d/

a/ CBO tabulation of the 1976 SIE.
b/ CLMS data for final three quarters of fiscal year 1976.
c/ Participants' family income refers to all public service employment programs.
d/ Refers to years of service during fiscal year 1976.

force experience: the proportion of unemployed and employed eligibles was roughly equal to the proportion of previously unemployed or employed participants.

Title III Eligibles

Migrant and Seasonal Farmworker Program. During fiscal year 1976 approximately 6,000 years of service were provided for migrant and seasonal farmworker programs, but data for program participants are not available. In general, persons eligible for migrant and seasonal farmworker programs have low levels of educational attainment, live predominantly in the South, and have relatively high rates of cash assistance recipiency. Less than 1 in 5 of the eligibles had completed 12 or more years of schooling (Table 9). More than half were residents of southern states. Program eligibles were predominantly labor force members; nearly one-half were employed at the time of the survey and an additional 8 percent were unemployed. More than two-thirds were males, and nearly two-thirds were white.

Summer Youth Program. The eligibility rules for the Summer Youth Program appear relatively well targeted in relation to the characteristics of youth with labor-market difficulties. In fact, the characteristics of participants served during the last quarter of fiscal year 1976 are more in line with labor-market problems than those of the eligible population, with the exception of those from families receiving cash assistance benefits. 7/

In many ways, the characteristics of program eligibles and participants suggest that the Summer Youth Program is operated to reduce the "riot potential" in large cities. Jobs are generally filled by males who are currently attending high school (Table 10). Females are underserved relative to their proportion in the eligible population. Nonwhites fill a disproportionate share of Summer Youth Program jobs: 33.8 percent of the 7.5 million eligibles in fiscal year 1976 were nonwhite, but 49

7/ These conclusions also hold relative to the population eligible for the program before the changes in regulations that occurred during fiscal year 1976. The change in definition of economically disadvantaged increased the eligible population by 1.1 million youths.

TABLE 9. CHARACTERISTICS OF MIGRANT AND SEASONAL FARMWORKER PROGRAM ELIGIBLES: NUMBERS AND PERCENT DISTRIBUTION, 1975

Characteristics	Number	Percent
White	455,512	63.6
Male	330,605	46.1
Female	124,907	17.4
Nonwhite	261,108	36.4
Male	150,770	21.0
Female	110,339	15.4
Less than High School Graduate	600,440	83.8
In Labor Force	425,341	59.4
Employed	396,101	51.5
Unemployed	56,240	7.8
Age		
Under 18	173,080	24.2
18 - 21	82,394	11.5
22 - 29	120,443	16.8
30 - 44	114,735	16.0
45 - 54	80,485	11.2
55 and over	145,483	20.3
Median age		(27.8)
Primary Earner	302,412	42.2
Cash Assistance		
AFDC	124,796	17.4
SSI	157,640	22.0
Food stamps	188,486	26.3
Region		
Northeast	56,827	7.9
Midwest	113,970	15.9
South	394,346	55.0
West	151,478	21.1
Total	716,621	100.0

SOURCE: CBO tabulation of the 1976 SIE.

TABLE 10. CHARACTERISTICS OF SUMMER YOUTH PROGRAM ELIGIBLES AND PARTICIPANTS: PERCENT DISTRIBUTION, 1975

Characteristics	Eligibles a/	Participants b/
Male	46.0	54.0
Female	54.0	46.0
White	66.1	51.0
Nonwhite	33.8	49.0
Less than High School Graduate	71.1	83.0
In Labor Force	44.3	53.0
Employed	30.4	12.0
Unemployed	13.9	41.0
Age 14 - 15	27.1	30.0
16 - 19	50.5	58.5
20 - 21	22.4	10.5
Median age	(16.8)	(16.4)
Cash Assistance		
AFDC	34.1	25.0
SSI	12.7	6.0
Food stamps	30.0	34.0
Total (in thousands)	7,544.8	225.5 c/

a/ CBO tabulation of the 1976 SIE.

b/ CLMS data for last quarter of fiscal year 1976, see CLMS, Table 3.

c/ Numbers refer to years of service during fiscal year 1976; the actual number of participants was 1.1 million.

percent of program participants were nonwhite. While 14 percent of those eligible for jobs were unemployed, about 41 percent of program participants had been unemployed prior to entry. 8/ More than 70 percent of program eligibles had not completed high school compared with 83 percent of participants.

Recipiency rates for cash assistance benefits differed substantially between eligibles and participants, except for the Food Stamp Program. While 34 percent of eligibles were AFDC recipients, only 25 percent of participants were. Thirteen percent of eligibles were from SSI recipient families compared with 6 percent of participants. Nearly equal proportions of eligibles and participants were food stamp recipients.

Other Youth Programs. The characteristics of those eligible for the various other youth programs differ widely as a result of eligibility rules (Table 11). Disadvantaged youths are most prevalent in the populations eligible for the Summer Youth Program, the youth entitlement program, and the Job Corps. Eligible populations for the Youth Community Conservation and Improvement Projects (YCCIP), Youth Employment and Training Program (YETP), and Young Adult Conservation Corps (YACC) programs are less numerous and have higher family incomes.

The racial composition of the eligibles for all youth programs varies from two-thirds to three-fourths white. Because of varying age restrictions, there are large differences among the programs in the proportion of eligibles who have not completed high school. Fewer than 30 percent of Summer Youth Program eligibles, who must be 14-21 years old and economically disadvantaged, have completed a high school education. On the other hand, about half of the youths eligible for Youth Incentive Entitlement Pilot Projects (YIEPP) and the Youth Employment and Training Program have finished at least 12 years of school.

The incidence of cash assistance recipients is considerably higher in those programs (for example, the Summer Youth Program) that base eligibility in part on being economically disadvantaged. In the Youth Community Conservation and Improvement Projects (YCCIP), for which eligibles need only be 16-19 years old

8/ To the extent that the Summer Youth Program serves in-school youths, the March unemployment rate of program eligibles would be expected to be lower than that prevailing during the summer months.

TABLE 11. ELIGIBLES FOR CURRENT YOUTH PROGRAMS: PERCENT DISTRIBUTION, 1975

Characteristics	Summer Youth	Job Corps	YIEPP a/	YCCIP b/	YETP c/	YACC d/
White	66.1	66.9	69.5	74.4	73.9	74.4
Male	30.3	29.9	31.5	38.1	38.0	38.9
Female	35.8	37.0	37.9	36.3	36.0	35.4
Nonwhite	33.8	33.1	30.5	25.6	26.0	25.6
Male	15.7	15.1	13.1	13.2	13.2	12.5
Female	18.1	18.0	17.4	12.4	12.8	13.1
Less than High School Graduate	71.1	60.4	50.3	64.8	52.1	46.7
In Labor Force	44.3	54.4	58.4	100.0	100.0	100.0
Employed	30.4	37.5	42.1	--	6.3	--
Unemployed	13.9	17.0	16.4	100.0	93.7	100.0
Age 14-15	27.1	--	--	--	--	--
16-19	50.5	69.2	45.8	100.0	67.8	54.3
20 and over e/	22.4	30.8	54.2	--	32.2	45.7
Primary Earner	12.0	16.1	26.7	3.2	7.5	11.1
Cash Assistance						
AFDC	34.1	32.2	29.0	14.4	14.3	12.7
SSI	12.7	12.0	10.8	4.7	5.0	4.5
Food stamps	30.0	27.4	27.1	12.0	12.4	12.4
Region						
Northeast	18.9	18.9	19.0	24.7	24.3	24.9
Midwest	23.4	23.7	23.3	25.0	25.6	25.1
South	39.9	39.5	37.7	31.8	31.4	30.6
West	17.8	17.9	19.9	18.5	18.7	19.4
Total (in thousands)	7,544.8	5,502.4	8,306.2	1,950.9	3,060.6	3,593.5

SOURCE: CBO tabulation of the 1976 SIE.

a/ Youth Incentive Entitlement Pilot Projects.
b/ Youth Community Conservation and Improvement Projects.
c/ Youth Employment and Training Program.
d/ Young Adult Conservation Corps.
e/ The upper age limit is 21 years for Summer Youth, Job Corps, and YETP; 23 for YACC; and 25 for YIEPP.

and unemployed, fewer than one in five eligibles receives cash welfare benefits. The effect of different eligibility is a large variation across programs in the number of eligibles; more than 8 million youths would have been eligible for the youth entitlement program (YIEPP).

Different eligibility rules also result in considerable variation in the family income of eligibles across the various youth programs (Table 12). While less than 2 percent of eligibles for the Summer Youth Program, Job Corps, and YIEPP have family incomes of $15,000 or more, 37 percent of YETP and YACC eligibles and 41 percent of YCCIP eligibles do. The characteristics of eligibles for YETP, YACC, and YCCIP make skimming for the best qualified candidates more feasible than in the other three programs. And while it is true that youths must be unemployed to be eligible for YETP and YACC, the characteristics of those eligible for these programs and YCCIP are not consistent with those of youths with labor-market difficulties.

Although youths eligible under the Summer Youth Program, Job Corps, and YIEPP account for 71 percent of those eligible for all CETA youth programs, the President's proposed fiscal year 1979 budget would allocate only 55 percent of youth program funds to these activities. 9/

IMPACT OF CHANGES IN THE DEFINITION OF ECONOMICALLY DISADVANTAGED

The Administration proposal and the Senate and House committee bills on CETA include specific definitions of "economically disadvantaged" and other terms. All of the bills would add several groups to the currently served cash welfare recipients, foster children, and those with family incomes below the poverty level or 70 percent of the lower living standard. Institutionalized individuals in sheltered workshops, prisons, and hospitals would be defined as economically disadvantaged under the proposals and would thus be eligible for CETA programs. (The House committee bill would also include handicapped persons living at home.) Except for those who could participate in programs of the Older Americans Act, individuals claimed as dependents for income tax purposes in the previous year would be considered part of a

9/ Unpublished data, U.S. Department of Labor, Office of Administration and Management, Budget Division.

TABLE 12. FAMILY INCOMES OF YOUTH PROGRAM ELIGIBLES UNDER CURRENT LAW: PERCENT DISTRIBUTION, 1975

Family Income	Summer Youth	Job Corps	YIEPP	YCCIP	YETP	YACC
Less than $7,500	81.7	83.3	86.6	31.1	37.3	35.9
$ 7,500 - 9,999	11.2	9.9	7.7	8.6	8.7	8.9
$10,000 - 14,999	5.5	5.3	4.3	19.1	17.4	18.3
$15,000 or more	1.6	1.5	1.4	41.2	36.5	36.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: CBO tabulations of the 1976 SIE.

person's family in determining income eligibility in the current year. Estimates of the institutionalized population in 1978 indicate that the proposed changes would add 1.3 million individuals under 65 years and 1.1 million 65 or older to those currently eligible for CETA.

The effect of basing eligibility on total family income for all those claimed as dependents for tax purposes in the preceding year is difficult to estimate, but the general effect would be to reduce the number of CETA eligibles. Youths living at home would be most clearly affected, but the new definition would also affect the eligibility of other individuals who did not work or who had low earnings during the previous year and had more than half of their support provided by another person. Wives and relatives claimed as tax dependents in families with incomes higher than the applicable CETA eligibility rule would be ineligible for CETA programs in the following year. If this rule had been applied to those currently eligible for Title VI project jobs, the eligible population would have been reduced by nearly one-fourth (Table 13). The majority of those excluded would have been youths (mostly nonwhite males), and the median age of eligibles would have changed from 27 years to 31.

TABLE 13. EFFECTS OF PROPOSED CHANGE IN DEPENDENCY DEFINITION ON CURRENT TITLE VI ELIGIBLES: PERCENT DISTRIBUTION

Characteristics	Current Law	Proposed Definition	Percentage Change
White	56.8	59.4	4.6
Male	17.6	15.7	-10.8
Female	39.2	43.7	11.5
Nonwhite	43.1	40.5	-6.0
Male	11.9	8.1	-31.9
Female	31.3	32.5	3.8
Less than High School Graduate	58.7	54.1	-7.8
Cash Assistance			
AFDC	88.2	87.4	-0.9
SSI	15.2	14.4	-5.3
Food stamps	51.2	54.0	5.5
Unemployed			
1 or more weeks	24.7	23.9	-3.2
4 or more weeks	20.9	20.8	-0.5
5 or more weeks	18.9	19.1	1.1
15 or more weeks	15.0	15.7	4.7
Region			
Northeast	26.8	27.3	1.9
Midwest	24.2	24.3	0.4
South	29.8	28.5	-4.4
West	19.1	19.9	4.2
Age			
Under 18	12.9	1.9	-85.3
18-21	19.2	13.7	-28.6
22-29	24.1	28.8	19.5
30-44	27.2	34.8	27.9
45-54	9.8	12.5	27.6
55 and over	6.7	8.2	22.4
Median age	(26.9)	(31.4)	16.7
Family Income			
0 - 7,500	83.6	84.6	1.2
7,500 - 9,999	9.8	9.4	-4.1
10,000 - 14,999	5.2	4.7	-9.6
15,000 or more	1.3	1.3	--
Primary Earner	55.9	73.2	30.9
Total (in thousands)	5,971.3	4,516.7	-24.4

SOURCE: CBO tabulation of the 1976 SIE.

Current CETA rules permit eligibility determinations based on income annualized from a three-month base. Under the CETA bills proposed by the Administration and the Congressional committees, the base period would be changed to six months for all but Title VI activities, which would retain current rules. This change would significantly affect the number of eligibles. In general, the longer the base period, the smaller the number of eligibles and the more likely that the individuals served are experiencing long-run economic difficulties rather than short-term variations in incomes. On the other hand, a shorter base period would be more responsive to immediate needs as income changes. A disadvantage of the short base period is that it would allow individuals who have high annual incomes that vary over the year to qualify, while excluding those with the same level of income evenly distributed over the year. 10/

The effect of lengthening the base period from three to six months is uncertain, but it may be substantially greater in CETA than in cash assistance programs, in which it would cause about a 9 percent decline in the number of eligibles. 11/ In CETA, individuals are either eligible or ineligible, while in income maintenance programs such as AFDC or Food Stamps benefits are reduced gradually as incomes increase. Consequently, the decrease in the number of CETA eligibles might be considerably larger than 9 percent. If CETA programs were funded at the current levels, services could be provided to a greater proportion of those with long-term economic problems.

Impact of Changes in Title I Eligibility

Under the proposed rules of the Administration proposal and the Senate and House committee bills, Title II (current Title I) eligibles would be required to be economically disadvantaged and either unemployed, underemployed, or in school. This would exclude some individuals who formerly had to meet only one of

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10/ Jodie T. Allen, "Designing Income Maintenance Systems: The Income Accounting Problem," in Joint Economic Committee, Issues in Welfare Administration: Implications of the Income Maintenance Experiments, Paper No. 5 (Part 3), Studies in Public Welfare, 93 Cong., 1 sess., 1973.

11/ Ibid.

these criteria. For those whose eligibility is based in part on unemployment, the proposed bills would loosen restrictions by eliminating the current requirement of 30 days' unemployment and require that a person be unemployed 7 consecutive days (House committee bill) or be without a job and willing and available to accept work (Administration and Senate versions). 12/

These alternative changes in eligibility requirements would have a significant effect on the size and characteristics of the eligible population. Compared with current law, the estimated number of individuals eligible for Title II programs would be reduced by nearly 29 million, or more than 80 percent, under the House, Senate, and Administration proposals (Table 14). The potential for skimming would thus be reduced considerably by limiting the size of the eligible population.

The proposed eligibility rules would be better targeted on those with labor-market problems. The proportion of program eligibles who are white would decrease, as would the proportion of males. Less educated individuals would constitute a larger proportion of eligibles than under current Title I. The share of participants who receive AFDC payments would increase substantially, and the median age of eligibles would be much lower than under the present Title I.

Impact of Changes in Title VI Eligibility

Compared with current Title VI(a) rules, eligibility for public service employment would be stricter but less targeted

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12/ The eligibility requirements pertaining to PSE under Title II would be stricter than those related to other Title II programs. The Administration bill would require that eligibles be economically disadvantaged and unemployed for 5 or more weeks; the Senate bill would require that PSE eligibles be economically disadvantaged and unemployed for at least 12 weeks; and the House version would apply the same income limits and additionally require that eligibles not have worked more than 200 hours in the previous 10 weeks.

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TABLE 14. EFFECTS OF PROPOSED ELIGIBILITY CHANGES ON CURRENT TITLE I ELIGIBLES a/: PERCENT DISTRIBUTION

Characteristics	Eligibles: Current Title I	Eligibles: Proposed Title II b/
White	75.3	65.9
Male	31.7	33.9
Female	43.6	32.0
Nonwhite	24.7	34.1
Male	9.9	6.7
Female	14.8	27.4
Less than High School Graduate	58.4	56.0
Cash Assistance c/		
AFDC	16.2	30.8
SSI	19.2	11.8
Food stamps	22.6	32.1
Unemployed		
1 or more weeks	22.8	79.9
4 or more weeks	16.7	59.4
5 or more weeks	13.8	49.5
15 or more weeks	7.6	29.6
Region		
Northeast	21.7	20.4
Midwest	22.6	22.3
South	37.9	36.1
West	17.8	21.1
Age		
Under 18	10.7	23.3
18-21	13.9	28.5
22-29	18.1	23.8
30-44	18.3	14.7
45-54	10.3	5.2
55 and over	28.7	4.5
Median age	(35.0)	(20.7)
Primary Earner c/	47.9	45.5
Total (in thousands)	34,959.7	6,423.3

SOURCE: CBO tabulation of the SIE.

a/ Not adjusted for changes in dependency definition.

b/ The eligibility rules for non-PSE Title II programs are essentially the same under each of the proposed reauthorization bills.

c/ Does not apply to students who are currently employed, for whom data are not available.

under all of the proposed CETA reauthorization bills. 13/ The Administration version is generally the most targeted and the House committee bill the least targeted on those likely to experience labor-market difficulties.

Currently, 50 percent of new participants in sustainment jobs and all project participants must have incomes lower than 70 percent of the BLS lower living standard. 14/ Under the provisions of the Administration bill, all new participants would have to meet this income test. The Senate committee bill would raise the applicable income requirement for new participants to 85 percent ($9,095), and the House committee bill would extend eligibility to new participants with incomes up to 100 percent of the BLS lower living standard (approximately $10,700 in 1978). 15/

Persons who have been unemployed for 15 weeks or more and who meet the 70 percent income limit are currently eligible under Title VI(b). The Administration proposal would reduce the unemployment eligibility criterion to 5 weeks, while the Senate committee bill would require 45 days and the House committee bill 8 weeks of unemployment as a condition of Title VI eligibility.

These various proposed changes in eligibility for Title VI programs would considerably reduce the overall size of the group eligible for Title VI PSE jobs compared with the number eligible for the more targeted Title VI(b) program (Table 15).

13/ P.L. 94-444. Title VI(a) refers to the old eligibility requirements (Section 607), which apply to 50 percent of sustainment slot vacancies; VI(b) refers to the 1976 amendments (Section 608), which apply stricter criteria to all new slots and 50 percent of vacancies in sustainment slots.

14/ Those Title VI jobs existing before October 1976 are referred to as sustainment jobs. The Department of Labor estimates that there were approximately 300,000 sustainment jobs at that time.

15/ Additionally, under the House version, all Title VI participants would have to meet this test after a period of 18 months.

TABLE 15. CHARACTERISTICS OF TITLE VI ELIGIBLES UNDER CURRENT LAW, ADMINISTRATION, AND SENATE AND HOUSE COMMITTEE PROPOSALS: PERCENT DISTRIBUTION a/

Characteristics	Current Law: Title VI	Current Law: Title VI(b)	Proposed CETA Bills: Administration bill	Proposed CETA Bills: Senate committee bill	Proposed CETA Bills: House committee bill
White	65.8	56.8	61.1	63.4	64.8
Male	29.6	17.6	37.3	38.2	39.0
Female	36.2	39.2	23.8	25.2	25.8
Nonwhite	34.1	43.1	38.9	36.6	35.1
Male	11.9	11.9	17.8	16.4	16.3
Female	22.2	31.3	21.1	20.2	18.9
Less than High School Graduate	51.8	58.7	54.7	53.3	52.0
Cash Assistance					
AFDC	51.8	88.2	30.8	24.6	22.1
SSI	10.2	15.2	13.0	9.4	8.6
Food stamps	34.3	51.2	32.4	30.5	28.4
Unemployed					
1 or more weeks	53.5	24.7	100.0	100.0	95.5
4 or more weeks	51.5	20.9	100.0	100.0	95.5
5 or more weeks	50.5	18.9	100.0	100.0	95.5
15 or more weeks	31.2	15.0	60.2	62.1	63.2
Region					
Northeast	27.9	26.8	26.4	26.4	27.4
Midwest	24.1	24.2	22.5	22.7	22.9
South	28.9	29.8	31.6	31.3	30.3
West	19.1	19.1	19.5	19.6	19.3
Age					
Under 18	11.5	12.9	8.9	8.2	7.7
18-21	19.1	19.2	21.3	20.8	19.9
22-29	25.5	24.1	28.4	28.8	29.4
30-44	24.8	27.2	24.2	24.0	24.2
45-54	10.5	9.8	9.8	10.1	10.5
55 and over	8.6	6.7	7.5	8.1	8.4
Median age	(27.1)	(26.9)	(25.9)	(27.8)	(28.1)
Primary Earner	47.8	55.9	49.8	49.6	49.2
Total (in thousands)	11,365.2	5,971.3	1,605.8	1,767.8	1,846.2

SOURCE: CBO tabulation of the 1976 SIE.

a/ Not adjusted for changes in dependency definition.

Under current law, about 11.4 million persons would have been eligible for Title VI programs in 1975. Of these, about 53 percent would have been eligible to participate in Title VI(b) PSE jobs. The eligibility rules under the Administration proposal would result in a seven-fold reduction (to 1.6 million) in the total Title VI eligible group compared with current law; the Senate and House committee proposals would reduce the total eligible population nearly as much, to 1.8 million persons.

The intent of the proposed changes in Title VI eligibility is to target PSE jobs better on disadvantaged labor force groups. A comparison of the eligible populations under the current Title VI(b) (the more targeted portion of the current Title VI), the Administration proposal, and the Senate and House committee proposals indicates that the Administration bill would change the character of the eligible population very little in some ways and considerably in others, compared with the current Title VI(b). The number of eligibles would be reduced by about 73 percent under the Administration proposal. The number of eligibles under the Senate version would be 10 percent greater and under the House version 15 percent greater than under the Administration bill.

The Title VI eligibility rules in all three proposals would greatly reduce the size of the eligible population. They would also result in less targeting than exists under current Title VI(b) on individuals likely to have labor-market problems (except for unemployment experience). Compared with current Title VI(b), eligibles under the various Title VI proposals would be more likely to be high school graduates, whites, and males and less likely to be recipients of cash assistance benefits. In the case of the unemployed, the Administration proposal is best targeted on those with up to at least 5 weeks of unemployment while the House committee proposal would result in the largest proportion of eligibles with 15 or more weeks of unemployment.

Since the Senate and House committee bills would extend eligibility to those with higher family incomes than would the Administration bill, the potential for skimming less needy persons from among those eligible would be somewhat greater under the two Congressional proposals. As indicated in Table 16, while more than four out of five of those eligible for Title VI under any of the proposals would have had family incomes of less than $7,500 during the previous year, the proportion of eligibles from low-income families is somewhat higher under the Administration bill. Compared with the Administration bill, the

TABLE 16. FAMILY INCOMES OF TITLE VI ELIGIBLES UNDER CURRENT LAW, ADMINISTRATION, AND SENATE AND HOUSE COMMITTEE PROPOSALS a/: PERCENT DISTRIBUTION

Family Income Last Year	Current Title VI(b)	Administration Bill	Senate Committee Bill	House Committee Bill
Less than $7,500	83.6	93.9	87.2	82.4
$ 7,500 - 9,999	9.8	5.3	8.8	10.0
$10,000 - 14,999	5.2	0.8	4.0	6.7
$15,000 or more	1.3	--	--	0.8
Total (in thousands)	5,971.3	1,486.2	1,767.8	1,846.2

SOURCE: CBO tabulation of the 1976 SIE.

a/ Not adjusted for changes in dependency definition.

increase in the size of the eligible group that would occur under the higher income eligibility limit of the Senate bill would tend to be offset by the increase in the required length of unemployment duration. Income provides a better targeting criterion than unemployment duration, however, since the latter can be more easily affected by a potential participant who wants to qualify for program benefits.

About 1.3 percent of eligibles had family incomes of $15,000 or more under current Title VI(b) rules, compared with 0.8 percent under the House committee proposal, and none under the proposed Senate and Administration rules. Given the range of income of those eligible under the House committee bill, the opportunity for serving less disadvantaged eligibles would be somewhat greater under its rules than under those of the other alternatives. Consequently, to target jobs on lower income eligibles under the House committee proposal, targeting goals and special emphasis would have to be established through administrative regulations.

The conclusions about PSE eligibility based on the proposed Title VI rules are changed little if consideration of Title II is included. Under the Senate committee bill, Title II PSE eligibles would have to be economically disadvantaged and unemployed at least 12 weeks. Roughly 1.0 million (17 percent) of the 6.4 million persons who would qualify for Title II programs under the rules of the proposed Senate committee bill would be eligible for PSE. Of those who would qualify for Title II programs under the Administration and House committee bills, about 1.5 million would also qualify for PSE jobs for the structurally unemployed. The combined size of the Title II and Title VI PSE eligible group under the Administration, Senate, and House bills (3.1 million, 2.8 million, and 3.3 million, respectively) would be considerably smaller than the number eligible for current Title VI(b) PSE jobs. At the same time, the eligibles under the proposed rules would, in general, not represent as disadvantaged a population as the eligibles under current Title VI(b) PSE.

ENFORCING ELIGIBILITY REQUIREMENTS

In CETA and other nonentitlement programs, the final mix of program participants is determined by the program operators; the effectiveness of eligibility restrictions depends ultimately on their application and enforcement. While the likelihood of skimming--the selection of program participants from among the best qualified eligibles--can be reduced by legislation that limits the size of the eligible population, some degree of skimming may be unavoidable.

On the other hand, selection of ineligibles can be limited only by more active program supervision. Compared with any current cash assistance program, errors made in allowing ineligible participants into CETA programs can produce relatively larger per-participant budget costs and inequities. Since CETA benefits (public service wages, training stipends, and the like) do not vary with need, errors in assessing eligibility result in large per-participant outlays (as much as $11,500 in the case of public service employment). Additionally, since CETA is not an entitlement program, each job or training slot filled by an ineligible individual reduces the number of slots available to eligibles.

A recent General Accounting Office (GAO) study of public service jobs indicates that approximately 10 percent of the

1,800 individuals working at sites surveyed by the Department of Labor many have been ineligible under current law. 16/ If these error rates are indicative of the national situation, erroneous payments nationwide could approach $0.6 billion. 17/

According to the GAO report, the major cause of error in determining CETA eligibility was the reliance on participant-supplied information and the lack of standard verification procedures. 18/ In addition, prime sponsors have little incentive for detailed eligibility screening because they are allowed 60 days, during which enrollees are working, to determine the eligibility of enrollees and there are no sanctions provided (such as requiring repayment of disbursements to ineligible individuals). 19/

16/ General Accounting Office, Information on the Buildup in Public Service Jobs (1978).

17/ Based on $8,900 expenditure per year of service, the national average cost in Title VI programs during fiscal year 1978. In 1976 approximately 5.3 percent of the 3.6 million AFDC families were found to be ineligible. Erroneous payments to this group may have approached $0.66 billion based on an average benefit of $3,488 per four-person family. Congressional Research Service, Welfare Reform Background Paper (1977), pp. 12 and 86.

18/ Most eligibility determinations were found to be based on certification rather than verification of statements through the use of other sources. General Accounting Office, Information on the Buildup in Public Service Jobs, pp. 21-23.

19/ In addition, many prime sponsors delegate responsibility for eligibility determination to state employment service offices, since this absolves them of legal responsibility for errors. For a discussion of Department of Labor enforcement deficiencies, see Carl E. Van Horn, "Implementing CETA: The Federal Role," Policy Analysis (1978), pp. 177-80.

CHAPTER V. TARGETING CETA SERVICES ON GEOGRAPHIC AREAS

The eligibility criteria specified in the various CETA programs are one element that determines the ability of the total program to serve those most in need of CETA services. CETA is not an entitlement program, however. Its ultimate effectiveness in matching employment and training opportunities with individuals needing services depends on the allocation mechanism used to distribute program funds among local areas. If formulas for geographic allocation are not consistent with eligibility criteria, some areas will be underserved while others will be overserved in relation to need. The question then is, how can CETA funds be effectively focused on geographic areas with high levels of need?

DEFINING GEOGRAPHIC AREAS

Defining geographic areas as needing more employment and training assistance presents several problems. Certain areas are thought to be in need because they lack resources or because their residents have higher rates of unemployment, lower income, and poorer future employment prospects. The definitions of needy areas differ among federal programs; for one program the unemployment level must be 6.5 percent for three consecutive months, while for another the rate must exceed 4.5 percent.

For purposes of current CETA program operations, geographic areas are defined in three ways:

- Prime sponsor areas (the basic units for program operation) are generally states or units of general purpose local government with populations of at least 100,000.

- "Areas of substantial unemployment" (ASUs) are contiguous areas within prime sponsor jurisdictions; they must have at least 10,000 persons, have had an unemployment rate of 6.5 percent or higher for three consecutive months, and qualify for at least $25,000 of Title II support.

- o Program agents are units of general purpose local government (or combinations of such units) with populations of 50,000 or more and containing ASUs that are empowered to administer CETA funds allocated to ASUs. 1/

All prime sponsor units are eligible to participate in programs under the various CETA titles except Title II, which is limited to areas of substantial unemployment. During fiscal year 1978, there are 450 prime sponsors and 201 ASUs. 2/

IMPACT OF CURRENT GEOGRAPHIC ELIGIBILITY CRITERIA

A recent Treasury Department study of the effectiveness of various programs in the Economic Stimulus Appropriations Act of 1977 concluded that of the three programs--Antirecession Fiscal Assistance (revenue-sharing), Local Public Works, and CETA public service employment--CETA PSE funds were the least related to the degree of local government fiscal hardship in the 48 cities studied (see Table 17). 3/ The relatively poor geographic targeting of CETA PSE funds in relation to economic hardship of governments is caused by several factors related to the definition of formula elements.

Unemployment Rate. Funds would be more targeted if the unemployment allocation factor measured relative severity more heavily than straight unemployment. A distribution based on

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1/ P.L. 93-203, Section 204 (d)(1).

2/ The ASUs are those that do not qualify in whole as prime sponsors. The number of program agents is difficult to determine since program agents may be prime sponsors for more than one area.

3/ "Hardship" is a composite definition that includes measures of population change, changes in per capita income, own source revenues, outstanding long-term debt, and property values for local government jurisdictions. Those jurisdictions affected by long-term structural problems including unemployment would presumably score higher in this scheme; U.S. Treasury Department, Office of State and Local Finance, Report on the Fiscal Impact of the Economic Stimulus Package on 48 Large Urban Governments (1978). Economic hardship is only one criterion for evaluating the targeting of program funds.

TABLE 17. ECONOMIC STIMULUS APPROPRIATIONS TO 48 CITIES BY DEGREE OF FISCAL DISTRESS, FISCAL YEAR 1978

Degree of Fiscal Distress	CETA			ARFA a/			LPW b/		
	High	Med.	Low	High	Med.	Low	High	Med.	Low
Percent of Funds	46.4	40.5	13.0	66.6	27.4	6.0	54.9	37.0	8.1
Relative per Capita Amount (average = 100.0)	110.5	98.1	79.5	158.8	66.6	36.9	130.7	89.5	49.5
Relative Percent of Own Source Revenues (average = 100.0)	81.0	124.1	137.9	119.0	85.7	61.9	90.2	122.0	97.6

SOURCE: U.S. Treasury Department, Office of State and Local Finance, Report on the Fiscal Impact of the Economic Stimulus Package on 48 Large Urban Governments (1978), Appendix A.

a/ Antirecessionary Fiscal Assistance.

b/ Local Public Works.

unemployment in excess of a threshold defined in absolute terms (for example, above 4.5 or 6 percent) will be more or less targeted as the national unemployment rate changes. A better targeting device might be one that defines as eligible those areas whose rates exceed the national average rate of unemployment by a given amount; for example, those areas with rates above the national rate or those with rates more than 10 percent above the national average.

Time Period. Under the current CETA law, areas of substantial unemployment are defined as those with unemployment rates of 6.5 percent or above for any three consecutive months during the previous year. As a consequence, many areas may qualify as ASUs because of seasonal factors that have little relation to their overall long-run unemployment experience. 4/

The CETA bills of the Administration and the Senate and House committees would alter the time dimensions of the current definition of ASUs. The Administration bill would require that the average unemployment rate of 6.5 percent or above apply to the preceding 12 months, rather than to any 3 consecutive months in the preceding year. The Senate committee bill would do the same, but it would let the current definition apply during fiscal year 1979. The House committee bill would require a 12-month time period for Title VI programs but would retain the current 3-month period for Title II programs.

Under current definitions, approximately 535 areas would qualify: 202 ASU prime sponsors and 333 ASUs within prime sponsor areas. Based on 1977 annual average unemployment rates, adoption of the Administration or the House committee's Title VI definition would immediately decrease the number of qualifying areas from 535 to 455. The Senate and House Title II definitions would maintain the number of qualifying units at 535 (Table 18).

The size of the decline in the number of eligible units as a result of the change in definition is largely a function of the high national rates of unemployment during calendar year 1977. If the national unemployment rate declines as projected over the authorized period of the bills through fiscal year 1982, so would

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4/ This problem is somewhat lessened during periods of high national unemployment rates such as the United States has been experiencing recently.

TABLE 18. AREAS ELIGIBLE FOR CETA FUNDS UNDER CURRENT AND PROPOSED ASU DEFINITIONS, FISCAL YEAR 1979

Definition	Total ASUs	ASU prime sponsors	ASUs within prime sponsor areas
Current Definition	535	202	333
Proposed Definition			
Administration	455	202	253
Senate committee	535	202	333
House committee			
Title II	534	202	333
Title VI	455	202	253

SOURCE: Unpublished data from the Bureau of Labor Statistics and Employment and Training Administration, based on the assumption that 1977 annual average unemployment rates will be used to define eligible units.

the number of eligible units; the decline would be greater under any of the new definitions than under the current definition. The Senate committee bill would effectively continue the current definition until fiscal year 1980. It is likely, however, that whichever bill is passed, some existing areas would be redefined in order to qualify under the new rules; the extent to which this would occur is difficult to predict.

Area Size. Currently, the size of an ASU under CETA is 10,000 population or more. The CETA ASU definition represents one extreme among the definitions used in current antirecession programs; it is not based on a labor-market area or political entity, and the population size is small. Under various other countercyclical programs, areas of high unemployment or labor surplus are units of local governments (as in the Antirecessionary Fiscal Assistance program) and Standard Metropolitan Statistical Areas (as in Defense Manpower Act programs). 5/

Under the current definition of an ASU, each of the 20 largest Standard Metropolitan Statistical Areas (SMSAs) contains at least one area that would receive CETA funds on the basis of 1977 average unemployment rates. If the size of an ASU under CETA were changed to a SMSA, 16 of the 20 largest SMSAs would continue to qualify for CETA funds on the basis of an annual average rate of unemployment of 6.5 percent or more. 6/

CURRENT GEOGRAPHIC ALLOCATION FORMULAS

Approximately 71 percent ($9.2 billion) of CETA's appropriations for fiscal years 1977 and 1978 will be allocated by formula; where 90 percent ($6.2 billion) of Title VI funds and 80 percent ($1.5 billion) of Title I funds are distributed by formula. The formula amounts and the elements used for allocating funds under the various titles are shown in Table 19.

Data accurately representing the geographic distributions of individuals intended to be served by CETA programs are not available on a current basis, so proxy measures are used. In some cases, the measures used may not accurately reflect the dimensions of the problem. For example, funds intended to ameliorate youth unemployment problems are generally allocated on the basis of adult unemployment rates and other factors, since geographically detailed data on youth are not available. Similarly, unemployment data used to allocate PSE funds may not

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5/ The Job Opportunities Program uses the current CETA definition of an area, but limits eligibility to those whose unemployment rate exceeds the national average for the most recent calendar quarter.

6/ Those areas not eligible on a SMSA-wide basis would be Minneapolis-St. Paul, Dallas-Ft. Worth, Cleveland, and Houston. The areas that would qualify are New York, Chicago, Los Angeles, Philadelphia, Detroit, Boston, San Francisco, Washington, Nassau-Suffolk County (New York), St. Louis, Pittsburgh, Baltimore, Newark, Atlanta, Anaheim-Santa Ana, and San Diego.

TABLE 19. CETA ALLOCATION BY FORMULA ELEMENTS AND AMOUNTS: IN MILLIONS OF DOLLARS AND PERCENT DISTRIBUTION, APPROPRIATIONS FOR FISCAL YEARS 1977-1978 a/

Title	Formula Element and Weight	Amount	Percent of Formula Funds
Title I	Prior year's allotment -- 50 percent	752	8.2
	Number of unemployed -- 37.5 percent	564	6.1
	Number of adults in low-income families -- 12.5 percent	188	2.0
	Total Title I -- 100 percent	1,504	16.3
Title II	Relative number of unemployed in areas of substantial unemployment -- 100 percent	1,540	16.7
Title VI	Number of unemployed -- 50 percent	3,081.2	33.5
	Number of unemployed residing in areas of substantial unemployment -- 25 percent	1,540.6	16.7
	Number of unemployed in excess of 4.5 percent of labor force in prime sponsor area -- 25 percent	1,540.6	16.7
	Total Title VI -- 100 percent	6,162.3	66.7

SOURCE: U.S. Department of Labor, Employment and Training Administration, Office of Administration and Management.

a/ CETA appropriations were forward-funded under the Economic Stimulus Appropriations Act of 1977.

indicate the extent of joblessness in rural areas or urban ghettos, where residents may have left the labor force because they believe jobs are not available.

Among the various CETA titles, roughly 8 percent of the allocations for fiscal years 1977 and 1978 were based on the prior year's funding level, 2 percent on the relative number of adults in low-income families, and nearly 90 percent on the area's share of unemployed persons.

The Administration proposal, while providing a more targeted definition of ASU, would distribute funds based on the current Title VI formula. The Senate and House committee bills would require that funds for structural PSE be allocated on the basis of formulas proposed for Title II. The House formula would include such factors as the relative number of low-income adults, prior year's funding, and relative number of unemployed. The Senate formula for distributing Title II PSE funds contains the same elements as the current Title VI formula but assigns different weights to the various elements (Table 20). The Administration and Senate committee formulas would tend to favor suburban areas and small cities more than the House formula for Title II because of the weights given to the relative number of unemployed.

ALTERNATIVE ALLOCATION FORMULAS

The current Title VI allocation formula would be retained under all three CETA proposals. The Administration bill would also retain current Title I allocation criteria for distributing funds under the new Title II. The Senate and House committee bills would involve substantially different Title II allocation formulas.

The difference between the Title II and Title VI allocation formulas is important. Under the Administration bill, funds for the base level of PSE jobs ($1 billion) would be distributed on the basis of the current Title VI formula. The Senate and House committee bills would require that the funds for structural PSE be allocated on the basis of their proposed Title II formulas. Based on current definitions of prime sponsors and ASUs, the Senate bill would tend to target larger amounts of structural PSE funds in the Northeast, whereas the Administration bill would target more funds to the Midwest.

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TABLE 20. CETA TITLE II AND VI ALLOCATION FORMULA ELEMENTS AND WEIGHTS UNDER ADMINISTRATION, AND SENATE AND HOUSE COMMITTEE BILLS

Title	Formula Element and Weight			
	Administration bill	Senate committee bill a/		House committee bill
		Section A, B, and C	Section D	
Title II	Prior year's allotment -- 50 percent	Prior year's allotment -- 50 percent	Number of unemployed -- 33.3 percent	Prior year's allotment -- 33.3 percent
	Number of unemployed -- 37.5 percent	Number of unemployed -- 37.5 percent	Number of unemployed residing in areas of substantial unemployment -- 33.3 percent	Number of unemployed -- 25 percent Number of low-income adults -- 8.3 percent
	Number of low-income adults -- 12.5 percent	Number of low-income adults -- 12.5 percent	Number of unemployed in excess of 4.5 percent of labor force in prime sponsor area -- 33.3 percent	Number of unemployed residing in areas of substantial unemployment -- 33.3 percent
Title VI	Number of unemployed -- 50 percent	Number of unemployed -- 50 percent		Number of unemployed -- 50 percent
	Number of unemployed residing in areas of substantial unemployment -- 25 percent	Number of unemployed residing in areas of substantial unemployment - 25 percent		Number of unemployed residing in areas of substantial unemployment -- 25 percent
	Number of unemployed in excess of 4.5 percent of labor force in prime sponsor area -- 25 percent	Number of unemployed in excess of 4.5 percent of labor force in prime sponsor area -- 25 percent		Number of unemployed in excess of 4.5 percent of labor force in prime sponsor area -- 25 percent

a/ Non-PSE Title II funds would be distributed using the formula in column 1.

The House bill targets relatively more funds to the South, and the Senate bill to the West (Table 21). Based on this data, none of the formulas is clearly superior in targeting structural PSE funds on those regions most in need.

As shown in Table 22, large northeastern cities (for example, New York) would fare considerably better under the Senate committee bill, because of high unemployment rates in these areas. Poor rural areas such as those in Louisiana and Virginia would apparently do better under the House committee bill; of the three proposals, the House bill would also provide the largest share of funds to relatively wealthy counties (such as Montgomery County, Maryland).

None of the CETA proposals is perfect in addressing the needs of the structurally unemployed during periods when the unemployment rate is not high enough to "trigger in" countercyclical public service jobs under Title VI. All of the bills would target some funds to areas in which structural unemployment is not most prevalent. The Administration bill, using the current Title VI formula, would tend to distribute funds most broadly and hence concentrate them least on areas of long-term need. The Senate committee bill would tend to concentrate funds in large cities with high levels of unemployment. The House committee bill would target less on these cities and would increase the share of funds allocated to relatively well-off areas. To the extent that Title II is intended to be a structural program and Title VI a cyclical program, differences in the allocations to various areas under the two programs are desirable.

TABLE 21. ILLUSTRATIVE ALLOCATIONS OF $1 BILLION IN STRUCTURAL PSE FUNDS UNDER ADMINISTRATION, AND SENATE AND HOUSE COMMITTEE BILLS: AMOUNTS IN MILLIONS OF DOLLARS AND PERCENT DISTRIBUTION

Region	Formula Amount					
	Administration		Senate a/		House b/	
	Amount	Percent	Amount	Percent	Amount	Percent
Northeast	318.2	31.8	323.2	32.4	291.4	29.1
Midwest	266.5	26.7	217.1	21.7	226.6	22.7
South	220.1	22.0	256.4	25.6	288.4	28.8
West	195.2	19.5	203.4	20.3	193.5	19.4
Total	1,000.0	100.0	1,000.0	100.0	1,000.0	100.0

SOURCE: U.S. Department of Labor, Employment and Training Administration, Office of Administration and Management.

a/ Senate committee allocations assume ASU definition based on three-month average; Senate bill would continue current three-month definition only in fiscal year 1979. Senate committee bill requires $3 billion for Title II PSE positions before Title VI positions can be funded.

b/ House committee bill requires that $4 billion be spent on Title II programs and limits spending on PSE and work experience to 50 percent of Title II funds.

TABLE 22. ILLUSTRATIVE ALLOCATIONS OF $1 BILLION TO VARIOUS PRIME SPONSORS UNDER STRUCTURAL PSE PROGRAMS: AMOUNTS IN THOUSANDS OF DOLLARS AND PERCENT DISTRIBUTION

Prime Sponsor	Administration		Senate		House	
	Amount	Percent	Amount	Percent	Amount	Percent
New York City	43,678.2	4.4	44,562.5	4.5	43,555.4	4.4
Houston, Texas	3,660.9	0.4	3,315.1	0.3	4,391.6	0.4
Montgomery County, Maryland	669.3	0.1	446.2	0.0	845.4	0.1
Balance of State, Louisiana a/	6,750.9	0.7	7,075.6	0.7	7,782.6	0.8
Prince William County, Virginia	188.0	0.0	142.5	0.0	211.3	0.0

SOURCE: Unpublished data, U.S. Department of Labor, Employment and Training Administration, Office of Administration and Management.

a/ Portion of Louisiana not represented by other prime sponsors.

CHAPTER VI. COORDINATION AND INTEGRATION OF THE DELIVERY OF EMPLOYMENT AND TRAINING SERVICES

The CETA delivery system of many local government and non-profit organizations exists side-by-side with other employment and training delivery systems. The Employment Service, the Work Incentive (WIN) program, and some private employers provide various services that overlap those provided by CETA. The issue that needs to be addressed in the CETA reauthorization is whether better coordination of these various systems can be attained.

Coordination might better serve those eligible for service and reduce overall budget costs by eliminating unnecessary duplication. Moreover, the possible enactment of welfare reform legislation such as the Administration proposal (H.R. 9030) or the House Welfare Reform Subcommittee bill (H.R. 10950), which would substantially alter the existing CETA program, suggests that coordination of employment and training services is crucial.

Another issue concerns community-based organizations (CBOs) that provide CETA services to a specialized clientele. Community-based organizations have received increases in CETA funding every year since the program's enactment in 1973. The desirability of the trend to increased funding for these organizations should be measured against the degree to which they provide services to those who would otherwise be served poorly, if at all by other CETA agencies.

The appropriate level of private sector involvement in employment and training programs is another major issue. Private sector involvement in federal programs designed to provide on-the-job training and other manpower services has typically varied directly with the level of overall economic activity. In considering alternatives that might change the public-private mix of delivery systems, attention should be given to the reliability of private sector involvement over the business cycle, the relative net budget cost of private sector involvement, and the degree to which the target population is served by private sector systems.

CETA/EMPLOYMENT SERVICE COORDINATION

The U.S. Employment Service (ES) of the Department of Labor is a system of state-administered public employment agencies. A network of more than 2,400 local offices provides a variety of services including testing, counselling, job referral, and training. The implementation of CETA programs and the development of a network of prime sponsors have changed the Employment Service's role; formerly the primary deliverer of manpower services, ES is now only one of several agencies providing such services. 1/

Although the ES is involved in the administration of CETA programs through its membership (ex officio in many cases) on various state councils charged with coordinating statewide manpower services, its role in providing services varies greatly from one jurisdiction to another. In some areas, the ES is a contractual provider of eligibility certification services. In other areas, ES contracts with CETA prime sponsors to make training allowance payments, provide job development or placement services, or operate on-the-job training and work experience programs. 2/ The decision about whether to obtain services from ES is left largely to the discretion of prime sponsors. In some cases, CETA prime sponsors and the ES have overlapping responsibilities and jurisdictional disputes have developed.

Some provisions of the Administration's CETA reauthorization bill would add to the existing confusion about the roles of CETA and the ES and could add to the overlap of services. Under Title III, a program to provide job search and relocation assistance would be established as a national program. 3/ Also, Title II (Section 205) would create a program of job search

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1/ William Mirengoff and Lester Rindler, The Comprehensive Employment and Training Act, pp. 103-7. The change in the Employment Service's role occasioned by the passage of CETA was one instance in a lengthy history of redefinition of the activities, responsibilities, and authority of ES.

2/ U.S. Department of Labor, The Employment Service: An Institutional Analysis, R & D Monograph 51 (1977).

3/ This program is not new but the existing one described in Section 311(e) of the current law.

assistance to be provided by local service deliverers. Included in these services would be intake, eligibility determination, use of computerized job matching, assessment, counseling, job search assistance grants, and relocation assistance grants. Except for computerized job matching (which, if it is available, must be arranged through agreements with the ES), these services can be provided by the ES or by other public or private nonprofit organizations.

The Senate and House committee bills would make no change in the respective roles of prime sponsors and state employment security agencies, although they would add a relocation assistance program that presumably could be run by either prime sponsors or the ES.

There have been several proposals to coordinate the roles of the ES and CETA better, but none has been enacted. The most prominent recent example is the Steiger proposal (H.R. 9358, introduced in September 1977) to merge the ES and CETA systems. Under this proposal ultimate responsibility for program oversight would rest with the state governor, who would review and approve prime sponsor plans and distribute funds. The presumption underlying the Steiger proposal is that state-level control would lead to better coordination of CETA and ES activities. Although the Steiger proposal is not a full substitute for CETA--because it omits public service employment, Job Corps, and YACC programs --the proposal clearly raises the issues of coordination and control, which have not been addressed to date. 4/

ROLE OF COMMUNITY-BASED ORGANIZATIONS

Community-based organizations usually provide services to CETA participants who are disadvantaged members of the labor force. Before CETA, contracts were directly channeled from the Department of Labor to the various organizations--for example, National Urban League (NUL), the Opportunities Industrialization Center (OIC), and Services, Employment, Redevelopment (SER)/Jobs for Progress. Current law designates as eligible those community-based organizations providing "programs of demonstrated

4/ The Senate committee report on CETA would require the Secretary of Labor to make a report on recommendations for reform of the Wagner-Peyser Act by February 1, 1979.

effectiveness." The reauthorization proposals would add union-related organizations and employer-related nonprofit organizations to those organizations eligible under current law. 5/

As is the case with CETA and the ES, there is no consistent relationship between CETA prime sponsors and community-based organizations. Unlike the ES, community-based organizations provide a range of employment and training services, in many cases to individuals who might otherwise not be served. Since community-based organizations often serve certain racial or ethnic client groups, CETA regulations that require broad groups of participants be served by each program provider may be inappropriate. The reauthorization bills would provide an expanded national program to serve individuals handicapped by limited English-speaking ability and would give increased emphasis to serving the disadvantaged. These provisions would increase the importance of the role performed by community-based organizations by emphasizing services to the particularly disadvantaged. The House committee bill would expand the list of community-based organizations permitted to operate CETA programs to include "neighborhood organizations" that are neighborhood-based and not affiliated with national organizations.

COORDINATION OF CETA WITH WELFARE REFORM

While many recent legislative proposals would affect the operation and scope of CETA activities, perhaps the most important changes would result from the enactment of the Administration's welfare reform proposal (H.R. 9030), the House Welfare Reform Subcommittee's bill (H.R. 10950), or one of the incremental proposals such as the Ullman proposal (H.R. 10711) or the Baker-Bellmon proposal (S. 2777). The comprehensive welfare reform bill (H.R. 10950) passed by the special House Welfare Reform Subcommittee includes a provision for giving public service employment to welfare recipients after a period of five weeks of intensive job search activity.

There are conflicts among the various CETA bills and welfare reform proposals introduced in the 95th Congress with regard to

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5/ These include, but are not limited to, NUL, OIC, SER, Mainstream, Community Action Programs, and Community Development Corporations.

eligibility, allowable wage levels, and tenure in public service employment. Under the Administration's proposed CETA reauthorization bill, eligibility for new Title II public service employment would be restricted to economically disadvantaged, unemployed, or underemployed individuals. The jobs would be limited to a maximum salary of $8,000, and no wage supplementation from other sources would be allowed. Tenure would be limited to 18 months.

Under H.R. 9030, the Administration's welfare reform proposal, public service jobs would be available to only the primary wage-earner in a family with children. H.R. 10950 contains a similar eligibility criterion. PSE participation under H.R. 9030 would be limited to 52 consecutive weeks, while H.R. 10950 would impose an 18-month tenure limitation.

The House committee CETA bill would limit Title II PSE participation to those with family incomes below 70 percent of the BLS lower living standard who have not been employed more than 200 hours during the previous 10 weeks. Under this bill, the maximum allowable federal wage level for Title II PSE would be $10,000, adjusted upwards by the ratio of the local average wage to the national average wage to a maximum of $12,000 (20 percent). No supplementation of this wage would be allowed.

The Senate committee CETA bill would limit eligibility for Title II PSE to those who are economically disadvantaged and unemployed at least 12 weeks. The wage level and supplementation provisions are identical to those in the House committee bill. Title VI wages under the Senate bill could not exceed $14,400 including local supplementation. 6/

The allowable wage levels under the CETA proposals appear to conflict with the limits in the various welfare reform proposals. The current maximum salary under CETA is $10,000; the Administration's CETA bill retains this maximum for Title VI (countercyclical) public service jobs. Under H.R. 10950, the maximum wage level would be $9,600 in fiscal year 1981, indexed by the ratio of an area's average wage to the national average wage. In a high-wage area such as New York City, the maximum wage for welfare jobs under H.R. 10950 would be $10,560.

6/ Individuals who were PSE participants as of October 1, 1978, would be able to retain their previous CETA wages.

Only in high-wage areas would the maximum allowable wages for welfare eligibles under the comprehensive welfare reform bills approach the maximum allowed under the various CETA re-authorization proposals; in lower-wage areas, the maximum CETA wage would generally be considerably higher than the maximum wage for welfare jobs. This could create dual wage levels for the same types of jobs in some areas, although areas with lower average wages are not likely to pay the maximum CETA wage, lessening the possibility of divergence between CETA wages and welfare wages. On the other hand, the differences in eligibility, limits on length of participation, 7/ and allowable wage rates between CETA PSE and welfare jobs could cause considerable confusion for participants and program operators.

PRIVATE SECTOR DELIVERY OF CETA SERVICES

The federal government has offered monetary incentives in the form of tax credits and direct subsidies to private employers to provide training and other employment services. The current employment tax credit, which expires December 31, 1978, allows an employer to reduce his corporate income tax liability by 50 percent of the increase in his unemployment insurance wage base above 102 percent of the previous year's base. 8/

7/ The Administration's welfare reform proposal would require that individuals engaged in special public service jobs be referred back to a job search program after a period of one year of continuous work. Under the House and Administration CETA bills, participants in PSE programs would be limited to 78 weeks of participation in any three-year period. No more than 26 weeks of employment before October 1, 1978, could be counted towards the maximum allowable time, although the Secretary of Labor could waive the overall limit under certain circumstances.

Under the Senate committee bill, individuals in Title II PSE programs would be limited to 78 weeks of participation in any five-year period; under Title VI, a 52-week limit would apply. Those employed before October 1, 1978, would have a maximum of 26 weeks of prior participation counted towards the time limit. The Secretary would have discretion to waive the limit for up to six months under exceptional circumstances.

8/ The Tax Reduction and Simplification Act of 1977.

The Administration's recent Urban Initiative proposal would give a new tax credit for hiring disadvantaged youth 18-24 years old, and Senator Jacob Javits of New York has proposed a tax credit for hiring youth 16-19 years old who have been unemployed or enrolled in CETA for 15 weeks or more (S. 2436). In addition, the CETA reauthorization bills would create, under Title VII, Private Sector Initiatives providing financial assistance to prime sponsors that involve private businesses and labor organizations in job placement and training.

Stability of Delivery by the Private Sector

Tax credits and other forms of subsidies are designed to increase the relative attractiveness of hiring or training disadvantaged workers by reducing their net cost to employers. Experience with NAB-JOBS and other private sector programs indicates that the participation of profit-seeking employers in these programs is likely to vary directly with the level of aggregate economic activity. 9/ If government training and employment were planned to vary inversely with aggregate economic activity (and thus private sector involvement), more emphasis could be shifted to private sector providers during periods of good overall economic conditions.

Target Groups Served by Private Employers

Since private employers are motivated in part by profit considerations, it is possible that they will skim the better qualified and therefore less costly participants from among the eligible. This practice could result in higher costs for public sector employment and training programs, which would be left to serve a more disadvantaged clientele. If as some believe, private sector efforts are more likely than public sector programs to lead to unsubsidized private sector employment, the net gains from this strategy may outweigh the costs.

9/ Committee for Economic Development, Jobs for the Hard-to-Employ: New Directions for a Public-Private Partnership (New York: C.E.D. 1978), pp. 39-40.

Relative Costs and Benefits

The relative cost of providing private and public jobs and training opportunities is difficult to estimate. To the extent that private employers are subsidized for hiring, training, and placing employees they would have served anyway, fiscal substitution or windfall gains may occur. Fiscal substitution reduces the net job creation potential of both public and private employment programs. The Administration estimates that its newly proposed employment tax credit would result in net losses in corporate tax revenues of $1.4 billion. The employment-creation effects of such schemes are highly uncertain. 10/

Accountability

Recent press accounts of the abuse and misuse of CETA funds have led some critics to argue that greater central administrative control and accountability are needed. In response, the Department of Labor has announced the creation of a Special Investigations Unit to investigate charges of fraud and abuse. While there are 450 prime sponsors that provide CETA services, employment tax credits are available to an estimated 4.6 million private firms.

Placing responsibility for eligibility determination with CETA prime sponsors and/or the ES may help to assure that bona fide eligibles are served, but none of the proposed bills addresses this issue. 11/ There is, however, no existing federal agency whose scope permits auditing the operations of private firms to assure that fiscal substitution and labor displacement do not occur and that training does occur.

10/ Congressional Budget Office, Employment Subsidies and Employment Tax Credits (1977).

11/ Although each of the proposed bills would establish recordkeeping requirements and auditing and investigation procedures, no agency is given explicit responsibility for the certification of persons eligible for CETA programs.

Summary

Ultimately, the mix of public and private sector initiatives in employment and training will be determined by a combination of economic and other factors. It may be that these factors will dictate a new role for private sector involvement. In view of the relative reliability of public and private sector involvement over the business cycle, however, the choice of an increased private sector role should be made in full recognition of its limitations during economic downturns.

APPENDIX

TABLE A-1. SUMMARY OF SELECTED EMPLOYMENT AND TRAINING PROGRAM DATA, FISCAL YEAR 1977

Program	Total Outlays (in millions of dollars)	Years Service	Average Length Stay (years)	Adjusted Participants a/	Cost per Year of Service (in dollars)	Cost per Participant (in dollars)
CETA, Title I	1,756	430,100	0.36	1,173,700	4,027	1,471
CETA, Title III-- Migrants and Seasonal Farmworkers	61	4,800	0.18	26,700	12,700	2,280
CETA, Title III-- Native Americans	52	17,000	0.44	38,700	3,036	1,344
CETA, Title III-- Summer Youth Program	575	250,000	0.25	1,000,000	2,380	595
CETA, Title IV-- Job Corps	202	21,000	0.45	46,700	9,599	4,317
CETA, Titles VI and II	2,836	336,600	0.53	637,200	8,429	4,449
Community Service Employment for Older Workers	72	17,400	2.0	8,700	4,282	8,563
Work Incentive Program b/.	360	37,226	0.35	114,345	9,670	3,150

SOURCE: Unpublished U.S. Department of Labor data.

a/ Adjusted participants is the number of average annual participants divided by the average length of program stay.

b/ The average cost per participant and service year for the WIN program are not strictly comparable to CETA data.

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TABLE A-2. SELECTED EMPLOYMENT AND TRAINING PROGRAM COSTS PER YEAR OF SERVICE IN FISCAL YEAR 1977: IN DOLLARS

Programs	Activities					
	On-the-job training	Class-room training	Work experience	Public service employment	Other	Total
CETA, Title I	4,696	4,371	3,420	8,729	4,273	4,027
CETA, Title III						
Migrants and Seasonal Farmworkers	4,222	4,903	7,125	NA	NA	12,700
Native Americans	4,200	3,150	2,216	7,915	1,831	3,036
Summer Youth Program	0	0	2,380	0	0	2,380
CETA, Title IV--Job Corps	0	9,599	0	0	0	9,599
CETA, Titles VI and II a/	2,628	1,495	8,500	8,465	3,736	8,429
Community Service Employment for Older Americans	0	0	4,282	0	0	4,282
Work Incentive Program b/	9,250	3,656	3,680	14,766	NA	9,670

NA = Not applicable.

a/ An emergency supplemental appropriation merged Titles II and VI of CETA for the purpose of extending Title VI positions beyond the Title VI expiration date of December 31, 1975.

b/ The average cost per participant and service year for the WIN program are not strictly comparable to CETA data.

TABLE A-3. SELECTED EMPLOYMENT AND TRAINING PROGRAM COSTS PER PARTICIPANT IN FISCAL YEAR 1977: IN DOLLARS

Programs	Activities: On-the-job training	Classroom training	Work experience	Public service employment	Other	Total
CETA, Title I	1,989	1,617	1,197	3,927	1,286	1,471
CETA, Title III						
Migrants and Seasonal Farmworkers	926	835	1,295	NA	NA	2,280
Native Americans	2,002	1,373	973	3,430	568	1,344
Summer Youth Program	0	0	595	0	0	595
CETA, Titles IV - Job Corps	0	4,317	0	0	0	4,317
CETA, Titles VI and II a/	1,457	340	5,107	4,486	834	4,449
Community Service Employment for Older Americans	0	0	8,563	0	0	8,276
Work Incentive Program b/	3,237	1,089	513	8,179	NA	3,150

NA = not applicable.

a/ An emergency supplemental appropriation merged Titles II and VI of CETA for the purpose of extending Title VI positions beyond the Title VI expiration date of December 31, 1975.

b/ The average cost per participant and service year for the WIN program are not strictly comparable to CETA data.

TABLE A-4. SELECTED EMPLOYMENT AND TRAINING PROGRAM OUTLAYS IN FISCAL YEAR 1977: IN MILLIONS OF DOLLARS

Programs	Activities					
	On-the-job training	Class-room training	Work experience	Public service employment	Other	Total a/
CETA, Title I	225	685	713	119	14	1,756
CETA, Title III						
Migrants and Seasonal Farmworkers	4	15	6	0	36	61
Native Americans	3	14	23	12	b/	52
Summer Youth Program	0	0	575	0	0	575
CETA, Titles IV - Job Corps	0	202	0	0	0	202
CETA, Titles VI and II c/	1	2	92	2,738	3	2,836
Community Service Employment for Older Americans	0	0	72	0	0	72
Work Incentive Program	106	50	14	68	122	360
Total a/	339	968	1,495	2,937	175	5,914

a/ Rows or columns may not sum to totals because of rounding.

b/ Less than $0.5 million.

c/ An emergency supplemental appropriation merged Titles II and VI of CETA for the purpose of extending Title VI positions beyond the Title VI expiration date of December 31, 1975.

TABLE A-5. SELECTED EMPLOYMENT AND TRAINING PROGRAM YEARS OF SERVICE IN FISCAL YEAR 1977

Programs	Activities					
	On-the-job training	Class-room training	Work experience	Public service employment	Other	Total a/
CETA, Title I	47,900	156,700	208,500	13,700	3,300	430,100
CETA, Title III						
Migrants and Seasonal Farmworkers	900	3,100	800	0	0	4,800
Native Americans	700	4,400	10,200	1,500	200	17,000
Summer Youth Program			250,000			250,000
CETA, Title IV - Job Corps	0	21,000	0	0	0	21,000
CETA, Titles VI and II b/	500	1,000	10,800	323,500	800	336,600
Community Service Employment for Older Americans	0	0	17,400	0	0	17,400
Work Incentive Program c/	11,480	15,152	5,190	5,404	0	37,226
Total a/	61,480	201,352	502,890	344,104	4,300	1,114,126

NA = Not applicable.

a/ Rows or Columns may not sum to totals because of rounding.

b/ An emergency supplemental appropriation merged Titles II and VI of CETA for the purpose of extending Title VI positions beyond the Title VI expiration date of December 31, 1975.

c/ The average cost per participant and service year for the WIN program are not strictly comparable to CETA data.

TABLE A-6. CETA, TITLE I: FISCAL YEAR 1977

Training Activity	Total Outlays (in millions of dollars)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Partici- pants a/	Cost per Year of Service (in dollars)	Cost per Participant (in dollars)
On-the-Job Training	225	13	47,900	0.36	113,100	4,696	1,989
Classroom Training	685	39	156,700	0.37	423,500	4,371	1,617
Work Experience	713	41	208,500	0.35	595,700	3,420	1,197
Public Service Employment	119	7	13,700	0.45	30,400	8,729	3,927
Other	14	1	3,300	0.30	11,000	4,273	1,286
Total	1,756	100	430,100	0.36	1,173,700	4,051	1,471

SOURCE: Unpublished U.S. Department of Labor data.

a/ Adjusted participants is the number of average annual participants divided by the average length of program stay.

TABLE A-7. CETA, TITLE III--MIGRANT AND FARM WORKERS: FISCAL YEAR 1977

Training Activity	Total Outlays (in millions of dollars)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Partici-pants a/	Cost per Year of Service (in dollars)	Cost per Participant (in dollars)
On-the-Job Training	4	7	900	0.22	4,100	4,222	926
Classroom Training	15	25	3,100	0.17	18,200	4,903	835
Work Experience	6	10	800	0.18	4,400	7,125	1,295
Public Service Employment	0	0	0	0	0	0	0
Other	36	59	0	0	0	0	0
Total	61	100	4,800	0.18	26,700	12,700	2,280

SOURCE: Unpublished U.S. Department of Labor data.

a/ Adjusted participants is the number of average annual participants divided by the average length of program stay.

TABLE A-8. CETA, TITLE III--NATIVE AMERICANS: FISCAL YEAR 1977

Training Activity	Total Outalys (in millions of dollars)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Partici-pants a/	Cost per Year of Service (in dollars)	Cost per Participant (in dollars)
On-the-Job Training	3	6	700	0.46	1,500	4,200	2,002
Classroom Training	14	27	4,400	0.44	10,000	3,150	1,373
Work Experience	23	44	10,200	0.44	23,200	2,216	973
Public Service Employment	12	23	1,500	0.43	3,500	7,915	3,430
Other	b/	0	200	0.44	500	1,831	568
Total	52	100	17,000	0.44	38,700	3,036	1,344

SOURCE: Unpublished U.S. Department of Labor data.

a/ Adjusted participants is the number of average annual participants divided by the average length of program stay.

b/ Less than $0.5 million.

TABLE A-9. CETA, TITLE III--SUMMER YOUTH PROGRAM: FISCAL YEAR 1977

Training Activity	Total Outlays (in millions of dollars)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Partici- pants a/	Cost per Year of Service (in dollars)	Cost per Participant (in dollars)
On-the-Job Training	0	0	0	0	0	0	0
Classroom Training	0	0	0	0	0	0	0
Work Experience	575	100	250,000	0.25	1,000,000	2,380	595
Public Service Employment	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	575	100	250,000	0.25	1,000,000	2,380	595

SOURCE: Unpublished U.S. Department of Labor data.

a/ Adjusted participants is the number of average annual participants divided by the average length of program stay.

TABLE A-10. CETA, TITLE IV--JOB CORPS: FISCAL YEAR 1977

Training Activity	Total Outlays (in millions of dollars)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Partici- pants a/	Cost per Year of Service (in dollars)	Cost per Participant (in dollars)
On-the-Job Training	0	0	0	0	0	0	0
Classroom Training	202	100	21,000	0.45	46,700	9,599	4,317
Work Experience	0	0	0	0	0	0	0
Public Service Employment	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	202	100	21,000	0.45	46,700	9,599	4,317

SOURCE: Unpublished U.S. Department of Labor data.

a/ Adjusted participants is the number of average annual participants divided by the average length of program stay.

TABLE A-11. CETA, TITLES VI AND II: FISCAL YEAR 1977

Training Activity	Total Outlays (in millions of dollars)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Partici- pants a/	Cost per Year of Service (in dollars)	Cost per Participant (in dollars)
On-the-Job Training	1	0	500	0.54	900	2,628	1,457
Classroom Training	2	0	1,000	0.53	4,500	1,495	340
Work Experience	92	3	10,800	0.60	18,000	8,500	5,107
Public Service Employment	2,738	97	323,500	0.53	610,000	8,465	4,486
Other	3	0	800	0.21	3,800	3,736	834
Total for Program	2,836	100	336,600	0.53	637,200	8,429	4,449

SOURCE: Unpublished U.S. Department of Labor data.

a/ Adjusted participants is the number of average annual participants divided by the average length of program stay.

TABLE A-12. COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS: FISCAL YEAR 1977

Training Activity	Total Outlays (in millions of dollars)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Partici- pants a/	Cost per Year pf Service (in dollars)	Cost per Participant (in dollars)
On-the-Job Training	0	0	0	0	0	0	0
Classroom Training	0	0	0	0	0	0	0
Work Experience	72	100	17,400	2.0	8,700	4,282	8,276
Public Service Employment	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	72	100	17,400	2.0	8,700	4,282	8,276

SOURCE: Unpublished U.S. Department of Labor data.

a/ Adjusted participants is the number of average annual participants divided by the average length of program stay.

TABLE A-13. WORK INCENTIVE PROGRAM: FISCAL YEAR 1977

Training Activity	Total Outlays (in millions of dollars)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Partici- pants a/	Cost per Year of Service (in dollars)	Cost per Participant (in dollars)
On-the-Job Training	106	29	11,480	0.35	32,800	9,250	3,237
Classroom Training	50	14	15,152	0.33	45,915	3,656	1,089
Work Experience	14	4	5,190	0.19	27,316	3,680	513
Public Service Employment	68	19	5,404	0.65	8,314	14,766	8,179
Other	122	34	NA	NA	NA	NA	NA
Total	360	100	37,226	0.35	114,345	9,670	3,150

SOURCE: Unpublished U.S. Department of Labor data.

NA = Not applicable.

a/ Adjusted participants is the number of average annual participants divided by the average length of program stay.

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