

128415

U.S. GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C.



128415

FOR RELEASE ON DELIVERY
Expected at 9:30 A.M.
Friday, November 8, 1985

STATEMENT OF
WILLIAM J. GAINER, ASSOCIATE DIRECTOR
HUMAN RESOURCES DIVISION

BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
HOUSE COMMITTEE ON EDUCATION AND LABOR
ON THE
JOB TRAINING PARTNERSHIP ACT, TITLE III
DISLOCATED WORKER PROGRAM

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to assist in your oversight of the Job Training Partnership Act (JTPA). My testimony will provide preliminary results from our study of local projects for dislocated workers.

As you know title III allows states considerable latitude in designing dislocated worker programs and the Department of Labor has implemented the program to allow maximum state flexibility. Thus states have been free to develop programs which they believe best meet the needs of their dislocated workers. The result has been considerable variation in local projects. For example, while projects have frequently served fewer than 100 participants, a few have reached more than 1,000 individuals. Some projects are targeted to workers from a specific business closure or layoff and provide assistance for only a fixed period of time, while others are ongoing projects

033787

that offer assistance to all eligible dislocated workers in their geographic area. The type of project operator also varies widely with private industry councils and educational institutions dominating and community-based organizations, state employment services, unions, and employers less common. Services provided range from remedial education to on-the-job skill training and include a wide variety of job search assistance and supportive services such as transportation or child care.

To date, little national information has been developed on title III project results. Thus as part of our effort to assist the Congress in its oversight of JTPA, we surveyed title III projects operating between October 1982 and March 1985 to learn how title III funds were being used and what results were being achieved.

Through discussions with state JTPA officials, we identified a universe of 715 projects. We asked project officials to respond to a detailed questionnaire concerning their last 9 months of operation. Of these projects, 28 were developing training materials for use in other projects or were using mass media and therefore had no participant information. Another 61 projects were eliminated for other reasons. Of the remaining 626 projects, 90 percent responded to our questionnaire.

We are now in the process of analyzing these questionnaires and will share with you today some preliminary national statistics on the first 519 projects which responded. These results provide what we believe will be useful baseline information and raise some interesting questions regarding who the program serves and the results that are being achieved.

In addition, at your request we (1) analyzed the potential impact of the Administration's proposed budget cutbacks on the

level of title III services in individual states and (2) isolated some information on California projects specifically.

We have four general observations. First, the characteristics of participants in title III projects by and large match those of dislocated workers identified in the federal government's Current Population Survey. The major exception is that dislocated workers 55 years of age and older who are still seeking work are underrepresented among title III participants. Second, over 90 percent of all projects offered some form of occupational skill training, but less than two fifths of title III participants actually received such training. Third, about 69 percent of all participants found jobs although placement rates varied among groups receiving different services. Fourth, if a proposed 55 percent cutback in title III funding is approved, it is possible that many states will not have sufficient carryover funds to make up the difference and that the level of services they provide dislocated workers will be reduced.

PARTICIPANT CHARACTERISTICS

According to the Department of Labor, title III projects had enrolled over 170,000 workers as of March 31, 1985. Based on the data from our analysis as well as data from the quick turn around portion of the Job Training Longitudinal Survey (JTLS), participant characteristics generally matched those of dislocated workers identified in the supplement to the January 1984 Current Population Survey (CPS). (See Enclosure I.) Title III participants were primarily white (70 percent), males (59 percent), of prime working age (87 percent), with at least a high school education (77 percent). However, our comparison also showed that two groups--workers 55 years of age or older and those with less than a high school education--were somewhat under represented in title III projects.

The CPS identified 5.1 million workers that had worked at least three years at their job and were dislocated between January 1979 and January 1984. Of these, 1.3 million were not working and were seeking employment in January 1984 at the time of the CPS. About 20 percent of both groups in the CPS were 55 years of age or older. In contrast, only about 8 percent of the workers served by title III were in this age group. In California, 10 percent of participants were 55 years of age or older.

The CPS analysis also showed that about 25 percent of the dislocated workers had less than a high school education and that 32 percent of those dislocated workers identified as not working but seeking employment at the time of the CPS had less than a high school education. In comparison about 23 percent of program participants had less than a high school education. In California, about 31 percent of title III participants had not finished high school.

We also found that the percentage of minorities being served by title III in California was considerably higher than the program nationally, and that overall title III projects served a higher percentage of minorities than those identified in the CPS. Nationally about 30 percent of title III participants were minorities as compared to about 62 percent in California. Much of this difference appears to be due to the participation of Hispanics in California projects. In California, 35 percent of the participants were Hispanic compared to 6 percent, nationally.

SERVICES TO TITLE III PARTICIPANTS

Most projects offer a mix of training, job placement assistance, and support services. While placement assistance is provided to nearly everyone, training is provided to at most half of the participants and support services to less than a quarter of the enrollees. (See Enclosure II.)

Generally, the training offered dislocated workers was of three kinds--remedial training, classroom skill training, and on-the-job training.

Remedial training activities primarily teach dislocated workers basic skills such as reading and mathematics or help non-English speaking workers improve their use of English. Projects operated by community based organizations and educational institutions were more likely to provide remedial training which is generally provided as part of other training efforts. Nationally, remedial training was offered in about a third of the projects although fewer participants (6 percent) received remedial education. In California, we found that about 13 percent of the participants received remedial training. This difference may occur because many California projects offered classes in English as a second language.

The two most frequent types of classroom training offered to dislocated workers were for clerical or office skills or semi-skilled equipment or machine operators. (See Enclosure III.) For the most part, title III projects used existing classroom training rather than developing courses for project participants. Classroom training averaged about 12 weeks in length and cost about \$2,200 per individual. While nationally, about three-fourths of the projects offered classroom training, a minority (25 percent) of the title III participants received classroom training. In California, we found that a slightly higher percentage--about 33 percent--of title III participants received classroom training.

On-the-job training for dislocated workers, like classroom training, focused on clerical or office skills and semi-skilled equipment or machine operation. The average length of on-the-job training was about 16 weeks and the cost averaged about \$1,600 per individual. Nationally, about 70 percent of all the projects

offered on-the-job training, while 16 percent of program participants received on-the-job training. In California about 15 percent received on-the-job-training.

In contrast to the relatively small percentage of participants receiving training, most title III participants received job placement assistance. Nationally, about 83 percent of the title III participants received job counseling and 65 percent received job search assistance. Similarly, in California, 92 percent received job counseling and 55 percent received job search assistance. In most of these projects, job counseling was an ongoing service and was generally provided by project staff. Counseling often consisted of an assessment of job interests and employability potential. In some instances it also included discussions of wage expectations and local job market conditions. Job search assistance included a variety of activities to help workers find and obtain employment including interviewing techniques, resume writing, how to use help wanted listings, and help in completing job applications. In most instances, the assistance was provided by project staff.

In addition to training and job placement assistance, about 67 percent of the projects offered some participants supportive services such as transportation, child care, personal counseling, and health care. Nationally, about 22 percent of the title III participants received supportive services. In California, 30 percent received such services.

A few projects also gave dislocated workers money to help them relocate. About 14 percent of the projects offered help with relocating, but, only 2 percent of the participants received such help. The average relocation cost was about \$600 per individual. In most instances, workers were required to have job offers in a new location before such assistance was provided.

PROJECT RESULTS

Most title III participants found jobs in different industries or new occupations, which paid less than their previous jobs. Although overall placement rates were impressive, they varied by type of assistance provided. Overall, 69 percent of title III participants found new jobs and more than a third of all projects had placement rates of 80 percent or more. However, about a fifth of the projects had placement rates of less than 50 percent. (See Enclosure IV.) The average wage level for title III participants who found jobs was estimated at about \$6.57 per hour and for over half these projects wages were reported to be less than earnings prior to dislocation.

According to respondents to our questionnaire, about 60 percent of the project participants who found new jobs did not go back to work in the same industry. Further, most of these workers found their jobs in new occupations. Primarily the positions filled by these workers were semi-skilled machine or equipment operators (34 percent), skilled craftsmen (15 percent), clerical or office workers (13 percent), and service workers (12 percent). (See Enclosure VI.)

Title III participants in some project activities appeared to have more success than others in finding new jobs, but because the information obtained for our analysis was averages at the project level rather than data on individual participants, we cannot isolate many of the factors that could have affected placement such as prior level of education or the combination of services which participants received. Our analysis of job placement rates was also limited to 115 projects that had completed their operations. Nonetheless, comparing placement rates for various activities in these projects provides a relative sense of which activities are associated with a higher probability of job placement.

For example, those who received on-the-job training had the highest placement rate. Nationally, 80 percent of the title III participants receiving on-the-job training obtained jobs. In California, 75 percent of the participants in on-the-job training found new jobs. This is higher than the overall reported placement rate of 69 percent for title III.

Other types of title III training activities were associated with lower placement rates. Of those participating in classroom training about 52 percent found jobs and of those receiving remedial training, about 58 percent found jobs. Unfortunately, we do not know how many individuals received more than one type of training.

Job search assistance was provided to 65 percent of participants. While these participants did not achieve a placement rate as high as those in on-the-job training, their rate was near the overall placement rate for title III at about 66 percent.

TITLE III FUNDING STATUS

For the past several months, there has been considerable interest in the funding status of title III projects. In February, the Administration asked the Congress to rescind \$120 million of program year 1985 title III funds because of the extensive amount of unused carryover funds available from previous appropriations. More recently, the Administration proposed a reduction in the fiscal year 1986 budget of 55 percent. The Administration's rationale is that the current level of services would not be affected by the cutbacks because of the high level of unused carryover funds that are available from prior year appropriations. The appropriation bills in both Houses currently reflect this reduction to \$100 million for 1986. However, looking at the Department's state-by-state estimates of unexpended funds shows that for many states the reduced levels of funding proposed for program year 1986 could reduce the levels of services available to dislocated workers.

For the period October 1, 1982 through June 30, 1985, the Congress appropriated over \$421 million for title III programs to help dislocated workers. About \$320 million of this was distributed to states by formula and the remaining \$101 million have been distributed by the Department of Labor to specific dislocated worker projects through the Secretary's discretionary fund. (See Enclosure IX.) According to the Department of Labor, states had expended about \$236 million as of June 30, 1985. This left a total of about \$186 million in carryover funds--\$66 million from the Secretary's discretionary fund and \$120 million in formula funds which the states control. (See Enclosure VII.) When these funds are combined with the proposed amount of \$100 million in program year 1986, the Department believes the level of funding in program year 1986 could approximate or exceed the level of funding appropriated for program year 1985. This assumes that states would not spend more than their program year 1985 appropriations during program year 1985.

The Department's position, however, does not take into account that states have expended their title III formula funds at different rates. Using the Department's carryover estimates for each state as of June 30, 1985, we found that some states have less carry over funds than others. Our analysis showed that 26 states had expended 70 percent or more of their formula allocations. When the projected carryover funds are added to the reduced levels of funding proposed for program year 1986, 23 states would have about \$13.4 million less available to serve dislocated workers in program year 1986 than was allocated in program year 1985. (See Enclosure VIII.)

If the formula for distributing program year 1986 funds to states was altered to take into account the availability of carryover funds in individual states, then it is possible that states could be provided enough money to match the level of funding in program year 1985. To change the formula, however,

would probably require a change in the Job Training Partnership Act. The Secretary's discretionary fund could also be used to help alleviate any hardship created by the funding reduction.

- - - -

Mr. Chairman, this concludes my prepared statement. We would be pleased to respond to any questions.

DISLOCATED WORKER CHARACTERISTICS

<u>CPS Dislocated Workers Data</u>		<u>JTIS Data</u>	<u>GAO Data</u>	
<u>Total</u>	<u>Unemployed</u>	<u>Jul 84-Mar 85</u>	<u>National</u>	<u>Calif.</u>
<u>Jan 79-Jan 84</u>	<u>as of Jan 84</u>	<u>(74,800)</u>	<u>(110,592)^a</u>	<u>(4,628)^a</u>
(5.1 million)	(1.3 million)			

-----Percentages-----

AGE

Under age 55	82	80	94	92	90
Age 55 and over	18	20	6	8	10

EDUCATIONAL LEVEL

Less than high school	25	32	20	23	31
High school graduate or more	75	68	80	77	69

GENDER

Males	65	69	62	59	52
Females	35	31	38	41	48

RACE

White	86	79	70	70	38
Minorities	14	21	30	30	62

^a Participant data for the last 9 months of operation for projects operated between October 1, 1982, and March 31, 1985.

TITLE III SERVICES

	Projects Offering Services		Participants Receiving Services		National Placement Rates ^a
	<u>National</u>	<u>Calif.</u>	<u>National</u>	<u>Calif.</u>	

-----Percentages-----

TRAINING ACTIVITIES

Remedial	30	19	6	13	58
Classroom (job skill)	76	71	25	33	52
On-the-job	70	67	16	15	80

**JOB PLACEMENT
ACTIVITIES**

Job Counseling	85	74	83	92	—
Job Search Assistance	84	90	65	55	66

SUPPORT SERVICES

	67	64	22	30	--
--	----	----	----	----	----

RELOCATION ASSISTANCE

	14	2	2	0	--
--	----	---	---	---	----

^a Placement rates by activity were only calculated for the 115 projects that were completed at the time of our review.

**TYPES OF OCCUPATIONAL TRAINING
OFFERED TO TITLE III PARTICIPANTS**

<u>Training Type</u>	<u>Percent of Projects Offering</u>	
	<u>Classroom training</u>	<u>On-the-Job training</u>
Clerical or office worker	46	44
Semi-skilled (equipment or machine operator, etc.)	40	57
Technical (paraprofessional, medical technician, etc.)	38	29
Skilled craftsman, foreman, or tradesman	36	42
Service worker	25	38
Professional (engineer, accountant, etc.)	10	14
Manager and administrator	8	20
Sales	12	28
Unskilled (laborer, etc.)	6	21
Other	5	2

**OVERALL PLACEMENT RATES
AS REPORTED BY PROJECTS**

<u>Percent of Participants Finding Jobs</u>	<u>Number of Projects</u>	<u>Percent of Projects</u>
40 or less	60	14
41 to 50	33	8
51 to 60	40	9
61 to 70	59	14
71 to 80	86	20
81 to 90	77	18
91 to 99	28	7
100	<u>42</u>	<u>10</u>
Subtotal	425	100
Rates Not Reported	<u>94</u>	<u> </u>
Total Projects	<u>519</u>	<u> </u>

**INDUSTRIES IN WHICH TITLE III
PARTICIPANTS WORKED BEFORE BEING DISLOCATED**

<u>Industry</u>	<u>Percent of Participants</u>
Manufacturing	61
Services	9
Mining	7
Wholesale/Retail Trade	6
Construction	6
Transportation/Communication/Utilities	4
Agriculture/Forestry/Fisheries	3
Finance/Insurance/Real Estate	1
Other	<u>3</u>
Total	<u><u>100</u></u>

**OCCUPATIONS IN WHICH
DISLOCATED WORKERS FOUND
JOBS AFTER TITLE III PARTICIPATION**

<u>Occupation</u>	<u>Percent of Participants</u>
Semi-skilled machine or equipment operator	34
Skilled craftsman, foreman, tradesman	15
Clerical or office worker	13
Service worker	12
Unskilled laborer	8
Technical, paraprofessional	7
Sales worker	5
Manager and administrator	3
Professional (engineer, accountant, etc.)	2
Other	<u>1</u>
Total	<u><u>100</u></u>

**COMPARISON OF PROPOSED TITLE II FORMULA ALLOCATIONS
FOR PY 1986 (INCLUDING CARRYOVER) WITH PY 1985**

<u>STATES</u>	<u>Estimated Carryover As of June 30, 1985</u>	<u>Projected PY 1986 Funding Plus Carryover^a</u>	<u>PY 1985 Funding Level^b</u>	<u>States With Potentially Lower Funding Level^c</u>
		-(000)-		
Alabama	1,831	3,800	4,375	X
Alaska	274	464	423	
Arizona	430	1,025	1,323	X
Arkansas	664	1,405	1,647	X
California	15,397	23,497	18,000	
Colorado	1,849	2,369	1,155	
Connecticut	244	663	931	X
Delaware	245	388	317	
District of Columbia	441	747	681	
Florida	8,271	10,624	5,229	
Georgia	2,760	3,912	2,560	
Hawaii	223	392	376	
Idaho	286	558	605	X
Illinois	2,753	7,585	10,738	X
Indiana	2,860	5,007	4,772	
Iowa	818	1,600	1,738	X
Kansas	586	970	854	
Kentucky	3,338	4,797	3,242	
Louisiana	3,093	4,747	3,675	
Maine	432	722	645	
Maryland	1,323	2,155	1,848	
Massachusetts	3,163	4,278	2,478	
Michigan	8,521	13,547	11,170	
Minnesota	660	1,771	2,469	X
Mississippi	339	1,368	2,287	X
Missouri	695	2,288	3,541	X
Montana	96	342	547	X
Nebraska	69	259	423	X
Nevada	150	466	703	X

- ^a This column represents the proposed PY 1986 formula allocations plus the Department of Labor estimate of carryover funds from prior year allocations.
- ^b This column shows the current formula allocation for title III.
- ^c This column shows the states for which the proposed PY 1986 formula allocation plus DOL estimates of carryover funds from prior year allocations would be less than the money allocated in program year 1985.

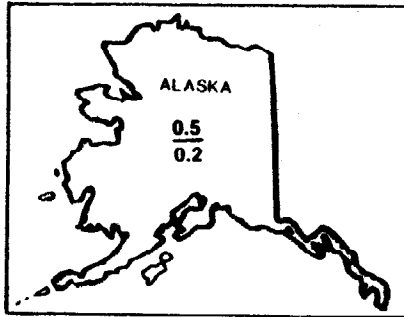
STATUS OF TITLE III FORMULA FUNDING

STATES	Estimated	Projected PY 1986	PY 1985	States With
	Carryover As of <u>June 30, 1985</u>	Funding Plus Carryover ^a	Funding Level ^b	Potentially Lower Funding Level ^c
	--(000)--			
New Hampshire	209	309	223	
New Jersey	4,281	6,084	4,006	
New Mexico	564	944	844	
New York	9,939	14,730	10,647	
North Carolina	0	1,567	3,482	X
North Dakota	87	179	205	X
Ohio	8,643	13,699	11,236	
Oklahoma	905	1,819	2,031	X
Oregon	824	1,946	2,493	X
Pennsylvania	10,768	15,779	11,135	
Rhode Island	0	245	545	X
South Carolina	746	1,622	1,946	X
South Dakota	130	202	161	
Tennessee	4,991	6,766	3,945	
Texas	4,929	8,292	7,474	
Utah	0	362	804	X
Vermont	68	172	232	X
Virginia	2,011	2,738	1,616	
Washington	2,194	4,003	4,020	
West Virginia	1,216	2,462	2,770	X
Wisconsin	1,086	2,833	3,883	X
Wyoming	162	276	254	
Total States plus District of Columbia	115,564	188,775	162,704	23
U.S. Territories	4,005	6,054	4,554	
Total	119,569	194,829	167,258	

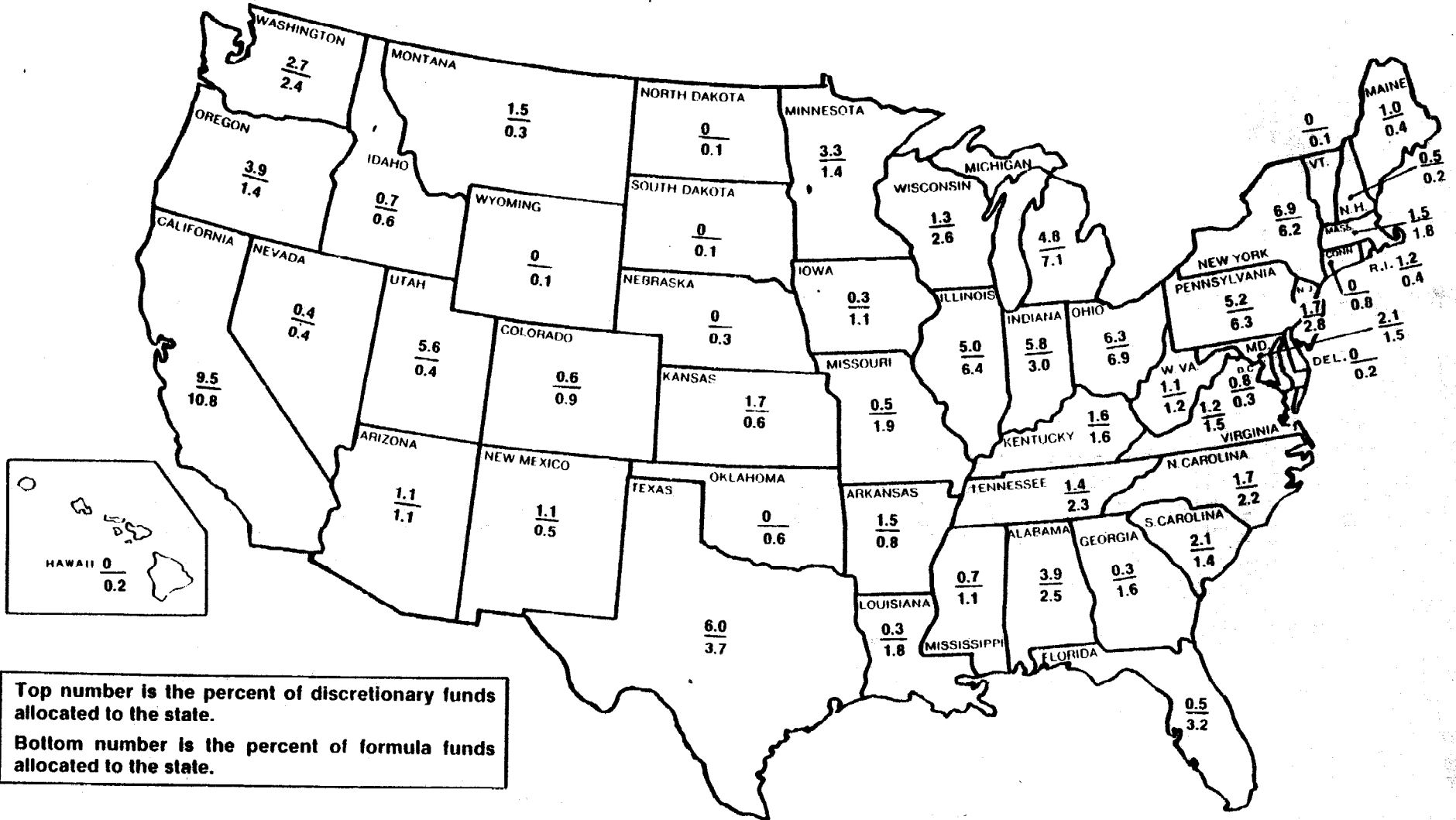
^a This column represents the proposed PY 1986 formula allocations plus the Department of Labor estimate of carryover funds from prior year allocations.

^b This column shows the current formula allocation for title III.

^c This column shows the states for which the proposed PY 1986 formula allocation plus DOL estimates of carryover funds from prior year allocations would be less than the money allocated in program year 1985.



STATE SHARES OF JTPA TITLE III DISCRETIONARY AND FORMULA FUNDS OCTOBER 1982 - JUNE 1985



Top number is the percent of discretionary funds allocated to the state.
Bottom number is the percent of formula funds allocated to the state.

32782

SUMMARY OF GAO TESTIMONY BEFORE THE
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
REGARDING GAO'S WORK RELATED TO
JOB TRAINING PARTNERSHIP ACT DISLOCATED WORKER PROGRAMS

Title III of the Job Training Partnership Act is the primary federally funded program for helping dislocated workers find new employment. For the period October 1982 through June 1985, over \$421 million has been appropriated for title III; however, to date, little national information has been developed on what title III is doing to help dislocated workers or what results it is achieving. GAO's analysis of questionnaire responses from 519 projects operating between October 1, 1982, and March 31, 1985, showed that title III participants' characteristics generally matched those of dislocated workers identified in a special supplement to the Current Population Survey. However, individuals 55 years of age or older and seeking work are underrepresented among title III participants.

GAO found that most projects offered a mix of training, job placement assistance and support services, but less than half of the title III participants actually received any training and even fewer received support services. Although GAO could not establish causality, some types of assistance appeared more successful than others in helping dislocated workers find new jobs. For example, about 80 percent of title III participants who received on-the-job training achieved employment as compared to the program's overall placement rate of 69 percent.

The Administration has proposed a 55 percent cutback in funding for program year 1986 because it believes that the level of carryover funds available from prior year appropriations is sufficient to maintain current funding levels. This position, however, does not take into account the fact that states have expended their title III funds at much different rates. GAO found that when the carryover funds for each state are added to the proposed funding level (after the cut) 23 states would have less money available for dislocated workers in 1986 than was allocated to them in 1985.

