MANPOWER PLANNING: GOALS, METHODS, AND A SUGGESTED STRATEGY FOR CETA PRIME SPONSORS

A Thesis

Submitted to
the Faculty of the Graduate School
University of New Orleans

In Partial Fulfillment
of the Requirements for the Degree
Master of Urban and Regional Planning

by
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B.A., Florida State University, 1974
December 1979
ACKNOWLEDGMENTS

I would like to express my appreciation to the members of my committee, Dr. Ralph E. Thayer, Dr. Frederick W. Wagner, and Dr. Alma Young for their guidance in this effort and throughout my graduate studies.

I would also like to thank my mother, Mrs. Helen P. Hurst, for the years of sacrifice and support which brought me to the brink of this educational undertaking.

Finally, I wish to express my special appreciation to my husband, John, whose never-ending encouragement and understanding made this effort possible.
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ABSTRACT

The purpose of this thesis is to provide information concerning government planning to reduce unemployment within the U. S. The research presented here is directed toward the individual with some interest in manpower planning at the most localized level of government. As a part of the above objective, this work seeks to familiarize the individual with the history of government efforts in the area of employment, the CETA program, and a perspective of future local planning in the area of manpower services.

Chapter I of this thesis is an introduction which outlines the purposes, scope, and limitations of this study. Chapter II discusses the current problem of unemployment within the U. S. and the major issues concerning the role of government in dealing with the problem. Chapter III presents a brief history of U. S. unemployment and government legislation up through the reauthorization of the Comprehensive Employment and Training Act in 1978. Chapter IV delineates some of the major decisions which are within the purview of local manpower planners and the correlations between these decisions and levels of program success or failure. Chapter V, the final chapter of the thesis, proposes a basic strategy for future manpower planning at the local level, based upon the research included in the first four chapters.
CHAPTER I

INTRODUCTION

Statement of the Problem

Unemployment ranks high on the list of chronic problems within the U. S. during the 1970's. Riding the roller-coaster of economic boom and downturn, unemployment rates have fluctuated, always including however, a large group of structurally unemployed persons. Chief among these groups have been blacks, teenagers and women.

The Comprehensive Employment and Training Act of 1973 was designed to deal with the problems of these groups. Prime sponsorships for planning and administration were designated within cities and counties of over 100,000 people and for consortia of cities and counties. States were to act as decision-makers for the remaining small town and rural areas. Of the 450 prime sponsorships operating during 1978, 50 were categorized as having serious problems when rated for (1) program activities, (2) program outcomes, (3) dollar utilization, (4) grant management, and (5) compliance with program guidelines. (ETA Interchange, 1978)

There may be a variety of reasons for low performance among some prime sponsorships, one of which has been the changing nature of federal goals for the program. In the face of economic recession, a large
counter-cyclical aid component was added to CETA in 1974. This had the effect of placing large numbers of unemployed persons in "temporary" government positions and effectively changed the basic focus of CETA planning. Other problems may have been related to a lack of preparation of prime sponsors for large sums of money which were being pumped into the manpower system. The seemingly urgent nature of program implementation did not allow much lead time for developing planning strategies or learning from past mistakes.

Due to the changing nature of CETA programming, much of the information which is available on the subject is somewhat disjointed and does not discuss purposes, goals, lessons, methods, and planning strategies in an integrated framework. A knowledge of each of these areas as they relate to manpower planning would seem essential to a proper approach to the problems at hand.

It seems likely that CETA's history of changes, both in focus and funding levels, will continue since it is so closely related to problems created by our changing economy. Therefore manpower planners and students of manpower planning would benefit from an early exposure to the information mentioned above as a framework for meeting the challenges of future manpower planning.

**Purpose of the Study**

The purpose of this study is to provide for the local manpower planner or student of manpower planning:

(1) A national and local perspective on the purposes and goals of government manpower programs, including an understanding of their history,
(2) Information concerning the major planning decisions which must be made by prime sponsors and their correlation with levels of program success or failure, and

(3) A suggested strategy for prime-sponsor level manpower planning based upon the above.

**Need for the Study**

Since the information related to manpower planning is very disjointed, much effort is required for the individual to obtain a grasp on the full scope of the manpower planning process. A research study which combines the information discussed above with a perspective on the focus of employment programming by local government would be a valuable informative tool for persons who are beginning work or have an interest in the field.

**Analysis of the Problem**

An analysis of the problem can be divided into five sub-areas as follows:

(1) What is the unemployment situation in the U. S. and what are the major issues regarding the role of government in reducing this problem?

(2) What has been the history of government efforts to reduce unemployment in the U. S.?

(3) How do prime-sponsor level manpower planning decisions relate to program success or failure? What decisions must be made?

(4) What is the usefulness of current planning methods as they relate to manpower planning?

(5) What strategy might be suggested for future prime sponsor level
planning under the CETA program based upon the above analysis?

**Hypothesis**

Since unemployment problems of jurisdictions vary, manpower planning at the lowest possible government level is important and the quality of the decisions which are made at this level is related to overall program success or failure. Through a review and analysis of available information, a basic planning strategy can be developed which provides a framework for high quality decision-making.

**Assumptions**

It is assumed that the studies which have been prepared by the Employment and Training Administration of the U. S. Department of Labor and the conclusions derived therein are based upon correct information and are valid to that extent. Other data derived from various sources is also assumed accurate and correct as time limitations preclude inquiry into their validity.

**Limitations**

Research for this analysis was conducted during the period from September, 1978 through July, 1979. The conclusions which are included herein are based only upon those analyses which were distributed by that date, particularly as relates to employment and unemployment statistics and research of the ETA.

**Delimitations**

This research effort is concerned primarily with employment planning efforts as they relate to titles I, II, and VI of the Comprehensive Employment and Training Act of 1973 (modified). These titles represent
direct efforts to reduce both structural and counter-cyclical unemployment among the American population. Though there were several other titles included under the original act, they were primarily directed to the needs of special groups and to administrative functions and represented a lower level of funding to prime sponsors. The groups which were targeted primarily under Titles I, II, and VI of the original Act are now addressed under Titles II, VI, and VII, of CETA as reauthorized in 1978. The remaining titles do not receive exhaustive attention in this work due to limitations of time and space.

Terms and Definitions

CETA. The Comprehensive Employment and Training Act.

Counter-Cyclical Aid. A program of federal aid which is made available in correspondence with changing levels of need in a given area.

Economically Disadvantaged. A person who is either:

(1) A member of a family which receives public assistance;
(2) A member of a family whose income during the previous six months on an annualized basis, was such that:
   (a) the family would have qualified for public assistance if it had applied for such assistance, or
   (b) it does not exceed the poverty level, or
   (c) it does not exceed 70 percent of the lower living standard income level;
(3) A foster child on whose behalf State or local government payments are made;
(4) A client of a sheltered workshop;
(5) A handicapped individual with a family income of 100% or less
of the lower living standard income level;

(6) A person confined to an institution or facility providing 24 hour support such as a prison or hospital; or

(7) A regular out-patient of a mental hospital, rehabilitation facility, or similar institution.

ETA. The Employment and Training Administration of the U. S. Department of Labor.


PEP. The Public Employment Program, forerunner of CETA.

Prime Sponsor. A designated city or county with a population of over 100,000 people, consortia of cities and counties, state, territory, or area with approved special circumstances which acts as the recipient of financial assistance under CETA.

PSE. Public Service Employment. This includes employment at a variety of jobs which fall under the normal scope of government services.

Structural Unemployment. That unemployment which exists due to a lack of "fit" between the demands of the labor market and the characteristics of available labor. A certain level of structural unemployment remains within the U. S. even in times of low unemployment and economic prosperity.


The Department. The U. S. Department of Labor.

Universe of Need. Those individuals within the community who are in need of the types of services which can be provided under the Comprehensive Employment and Training Act.

The USDL. The U. S. Department of Labor.
CHAPTER II

MAJOR ISSUES REGARDING THE ROLE OF GOVERNMENT
IN REDUCING UNEMPLOYMENT

Introduction

Since the 1930's when Keynesian macroeconomic theory began to
dominate western thought, the American government has been attempting
through its own actions, to moderate problems related to unemployment.
It seems that after almost fifty years, there is still quite a debate
raging concerning the appropriateness of government intervention and
the methods which have been used. (Worcester, 1972, p. 72)

A review of recent literature concerning the subject shows that
there are two major viewpoints on the question. One viewpoint represents
primarily that of private enterprise and the other reflects that of the
representatives of the poor, the unemployed, and advocates of government
intervention to redistribute income.

Unemployment is defined by the U. S. Bureau of Labor Statistics
as the condition of a person who is (1) willing to work, (2) able to
work, (3) actively seeking work, and (4) unable to find work. In order
to be recorded as a part of the government's unemployment figures, a
person must have (1) actively searched for work in the four weeks prior
to the survey, and/or (2) been waiting to start a new job within 30 days
or to be called back to an old job from which they have been laid off. (Mickens, 1975, p. 23)

The information which follows represents a cross-section of the major issues which are a part of the debate concerning the appropriateness of government involvement to reduce unemployment and the effects of government policy in the area. Some basic information on unemployment in the U. S. is provided initially.

A Current View of Unemployment in the U. S.

Unemployment Rates

The national unemployment rate is an economic indicator which, when collected and compared over time, provides insight concerning the percentage of Americans who are actively seeking but unable to obtain suitable employment.

All unemployment is not considered bad by manpower experts. According to Kathleen Carroll, 1976, "It would be well to realize that some unemployment reflects the strength of our system: the mobility of the labor force, the willingness of people to shift around to increase their earnings, and the insistence of young people on keeping their options open." Jack Gould, an economist at the University of Chicago's Graduate School of Business, believes that some unemployment helps to make the system efficient (Carroll, 1976, p. 134-5)

In reality, economists generally talk of a "target" rate of unemployment some place between 4 and 6 percent. (Worcester, 1972, p. 17 and Jordan, 1976, p. 15) Of course, this is an issue around which there is much debate. Advocates of government intervention are unlikely to accept these rates as optimal and others fear the effects of programs
aimed at reaching lower levels of unemployment.

The unemployment rate has fluctuated a great deal in the U. S. in recent years. The seasonally adjusted unemployment of full-time workers in this country went from 4.3% (1973 - 4th Quarter) to 8.6% (1975 - 2nd Quarter) and has moderated slowly to 5.2% (1978 - 4th Quarter). (Rones and Leon, 1979, p. 8) If "part-time" unemployed workers were included in these rates they would be somewhat higher. These workers are generally figured into the overall employment rate as in the information which follows.

The jobless rate declined in the U. S. during 1978, though more gradually than during the prior 2 1/2 years. From 6.6 percent (seasonally adjusted) in 1977, the rate moved to 6.2 percent in the first quarter, was 6.0 percent during the middle two quarters and then edged down to 5.8 percent in the 4th quarter. By this fourth quarter, the number of persons looking for work, 5.9 million, was down about 550,000 from its year-earlier level. From late 1977 to late 1978, the jobless rate for adult men was down from 4.7 to 4.0 percent, the rate for adult women dropped from 6.7 to 5.8 percent, while the rate for teenagers was about unchanged at 16.3 percent. (Rones and Leon, 1979, p. 3)

Some people who might be considered unemployed are not included in unemployment statistics. One such group might be called "Discouraged Workers." These persons are those who believe they cannot get a job because no jobs are available or because they feel some personal factor, such as age, lack of skill or training, or some sort of discrimination, would preclude their finding work. In 1978, about two thirds of the discouraged total - which averaged about 850,000 for the year - cited job-market factors as the reasons why they believed they could not
Table 2.1

Employment and unemployment highlights, fourth quarter 1976 through fourth quarter 1978, seasonally adjusted

(Numbers in millions)

<table>
<thead>
<tr>
<th>Selected categories</th>
<th>1976</th>
<th>1977</th>
<th>1978</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IV</td>
<td>II</td>
<td>III</td>
</tr>
<tr>
<td>Total employment</td>
<td>88.2</td>
<td>90.2</td>
<td>90.9</td>
</tr>
<tr>
<td>Adult men</td>
<td>48.8</td>
<td>49.2</td>
<td>49.5</td>
</tr>
<tr>
<td>Adult women</td>
<td>32.3</td>
<td>32.5</td>
<td>33.1</td>
</tr>
<tr>
<td>Teenagers</td>
<td>7.3</td>
<td>7.4</td>
<td>7.6</td>
</tr>
<tr>
<td>Total unemployment</td>
<td>7.4</td>
<td>7.2</td>
<td>6.9</td>
</tr>
<tr>
<td>Adult men</td>
<td>3.1</td>
<td>3.0</td>
<td>2.8</td>
</tr>
<tr>
<td>Adult women</td>
<td>2.6</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Teenagers</td>
<td>19.1</td>
<td>18.5</td>
<td>18.3</td>
</tr>
<tr>
<td>Unemployment rates:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All workers</td>
<td>7.7</td>
<td>7.5</td>
<td>7.2</td>
</tr>
<tr>
<td>Adult men</td>
<td>6.0</td>
<td>5.7</td>
<td>5.3</td>
</tr>
<tr>
<td>Adult women</td>
<td>7.4</td>
<td>7.2</td>
<td>7.0</td>
</tr>
<tr>
<td>Teenagers</td>
<td>19.1</td>
<td>18.5</td>
<td>18.3</td>
</tr>
<tr>
<td>White</td>
<td>7.0</td>
<td>6.7</td>
<td>6.4</td>
</tr>
<tr>
<td>Black and other</td>
<td>13.3</td>
<td>12.9</td>
<td>12.9</td>
</tr>
<tr>
<td>Married men, spouse present</td>
<td>4.2</td>
<td>4.0</td>
<td>3.6</td>
</tr>
<tr>
<td>Married women, spouse present</td>
<td>7.1</td>
<td>6.8</td>
<td>6.7</td>
</tr>
<tr>
<td>Women who head families</td>
<td>10.0</td>
<td>9.6</td>
<td>9.3</td>
</tr>
<tr>
<td>Full-time workers</td>
<td>7.3</td>
<td>6.9</td>
<td>6.6</td>
</tr>
<tr>
<td>Part-time workers</td>
<td>10.1</td>
<td>10.5</td>
<td>10.1</td>
</tr>
<tr>
<td>Median duration of unemployment (weeks)</td>
<td>8.0</td>
<td>7.4</td>
<td>6.9</td>
</tr>
<tr>
<td>Nonfarm payroll employment</td>
<td>80.1</td>
<td>80.9</td>
<td>82.0</td>
</tr>
<tr>
<td>Goods-producing industries</td>
<td>23.5</td>
<td>23.8</td>
<td>24.3</td>
</tr>
<tr>
<td>Service-producing industries</td>
<td>56.6</td>
<td>57.1</td>
<td>57.7</td>
</tr>
<tr>
<td>Average workweek in hours:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total private nonfarm</td>
<td>36.6</td>
<td>36.0</td>
<td>36.1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>40.0</td>
<td>40.0</td>
<td>40.4</td>
</tr>
<tr>
<td>Manufacturing overtime</td>
<td>3.2</td>
<td>3.3</td>
<td>3.5</td>
</tr>
</tbody>
</table>

NOTE: Comparisons of 1978 household survey data with earlier data are affected by the introduction of an expansion in the sample and revisions in the estimation procedures which raised total employment by roughly a quarter of a million. Unemployment was essentially unchanged.

Discouraged workers were not the only persons outside the labor force who wanted jobs. Among the 5.3 million such persons, those who were in school comprised the largest group - 1.4 million. The largest group among women was those with home responsibilities (1.2 million); those wanting a job but unable to arrange for child care would be included in this category. (Rones and Leon, 1979, p. 11)

According to a recent editorial in *Time*, the unemployment rate is sure to rise as the economy slows later in 1979 and so will questioning about whether government efforts in the area of reducing unemployment are adequate. The editorial begins by asking what the unemployment rate really means. Liberals grouse that it is too low, because it does not count people who are too discouraged to look for jobs. Conservatives grumble that it counts as unemployed would-be working wives and others whose joblessness scarcely plunges families into poverty. Since April, a congressionally appointed commission of nine business, labor, and academic experts has been studying how to improve the unemployment figures. (Editorial, *Time*, 1979)

On balance, the recommendations of the commission would make unemployment rates slightly higher than now. The reason is that the commission wants to count as unemployed any discouraged worker who has sought a job within the past six months, as opposed to four weeks under present policy. The change, says the commission, would raise the jobless rate by two- or three-tenths of a point. (Ibid)

On the other hand, the commission would consider the U. S.'s 1.4 million servicemen to be employed. They are not included in the labor force statistics now. Including them would reduce the jobless rate. A
much larger cut would result, if, as some commission members urge, the
Government raised from 16 to 18 the age at which an unsuccessful job
hunter could be called unemployed. Advocates of this argue that so many
16 and 17 year olds are students that no one can measure how many really
want jobs and cannot find them. Others counter that the revision would
hide an all too real problem of youth unemployment. (Ibid)

The commission wants to devise a "hardship index" that would count
many employed people who labor at low-wage jobs and exclude the unemployed
whose families still have sizable incomes. Distress is quite hard to
measure, however. One proposed index cited in the preliminary study
showed that "hardship" actually declined between 1967 and 1976, even
though the unemployment rate generally rose. (Ibid)

Although authors are in disagreement concerning the degree to which
many of the unemployed go uncounted, it is hypothesized that actual un-
employment is 2 to 3 times the rate which is reported. (Jordan, 1976 and

Characteristics of the Unemployed

Over the past decade, women have increased their labor force
participation from 41.6 to 50.5 percent of their population. Women of
all ages, except those over age 55 (whose rate declined slightly), shared
in this strong growth. The proportion of over-the-year employment growth
in 1978 attributable to adult women - almost 60 percent (1.9 million) -
was among the highest ever recorded. (Rones and Leon, 1979, p. 3)

Although the overall participation rate for men has remained
virtually unchanged since the 1974-5 recession, the rate has declined 3
percentage points to 77.9 percent over the decade. (Rones and Leon, p. 3)
Adult men have made up a declining share of the unemployed since the beginning of the most recent economic recovery, in part because their labor force has grown much more slowly than has that of women or of teenagers. Also, the rate of joblessness for adult men is more cyclical and, thus, has fallen relatively more quickly than have the rates of the other two groups. (Rones and Leon, 1979, p. 7)

Both white and black adult women greatly improved their employment picture in 1978. Despite a continued rapid rise in the number of women who want to work, women of both races were able to show improvement in both employment and unemployment. (Rones and Leon, 1979, p. 10)

White adult men reduced their unemployment rate by 0.5 percent, while they showed relatively slow employment growth. Black men, by contrast, had significant over-the-year improvements in both their employment and unemployment situation. (Rones and Leon, 1979, p. 10)

The 700,000 increase in black employment represented a 7-percent rise over late 1977, more than double the rate of increase for whites. Also, the black unemployment rate declined almost 2 percentage points between the fourth quarter of 1977 and the fourth quarter of 1978. The developments of 1978 were the first significant indications that minorities were beginning to share in the benefits of the improving job market. However, despite these improvements, as their jobless rates show, the job-market status of blacks still lags far behind that of whites. (Rones and Leon, 1979, p. 9)

Young workers have accounted for a large and growing proportion of the unemployed. In late 1978, nearly half of all jobseekers were 16 through 24 years of age, as shown in the tabulation on the next page.
Table 2.2

<table>
<thead>
<tr>
<th>Age and sex</th>
<th>Seasonally adjusted fourth-quarter averages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total unemployed, age 16 and over:</td>
<td></td>
</tr>
<tr>
<td>Thousands of persons</td>
<td>7,702</td>
</tr>
<tr>
<td>Percent</td>
<td>100.0</td>
</tr>
<tr>
<td>Both sexes, age 16-24</td>
<td>45.7</td>
</tr>
<tr>
<td>Men, age 25 and over</td>
<td>30.7</td>
</tr>
<tr>
<td>Women, age 25 and over</td>
<td>23.5</td>
</tr>
</tbody>
</table>


Despite their slight over-the-year improvements, the proportion of black teenage population that was employed was still only about half that of whites in 1978. This reflects the typically lower levels of labor force participation among black teenagers as well as their considerably higher rates of unemployment. While white teenagers of both sexes have shown increases in their employment-population ratios over the last decade, the ratio for black females has declined slightly and that for males, considerably, over the same period. (Rones and Leon, 1979, p. 10)

According to an article, written in 1977, the fact that so many of the unemployed are new entrants to the labor force, or women who have reentered the labor force without recent experience, complicates government policy. Julius Shiskin, Commissioner of Labor Statistics in 1976 said, "If general economic expansion continues, experienced adult workers will be absorbed but we will still have a problem with blacks, with teenagers, and with women reentering the labor force." (Wildstrom, 1977, p. 29).
Table 2.3

Employment and unemployment rates by race, sex, and age, fourth quarter, 1977 and 1978, seasonally adjusted
(Numbers in thousands)

<table>
<thead>
<tr>
<th>Selected groups</th>
<th>Employment</th>
<th>Unemployment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>IV</td>
<td>IV</td>
<td></td>
</tr>
<tr>
<td>White, total</td>
<td>82,037</td>
<td>84,901</td>
</tr>
<tr>
<td>Men, 20 years and over</td>
<td>45,378</td>
<td>48,356</td>
</tr>
<tr>
<td>Women, 20 yrs. and over</td>
<td>29,462</td>
<td>31,174</td>
</tr>
<tr>
<td>Men, 16 to 19 years</td>
<td>3,923</td>
<td>3,924</td>
</tr>
<tr>
<td>Women, 16 to 19 years</td>
<td>3,274</td>
<td>3,447</td>
</tr>
<tr>
<td>Black and other, total</td>
<td>11,564</td>
<td>12,146</td>
</tr>
<tr>
<td>Men, 20 years and over</td>
<td>5,021</td>
<td>5,349</td>
</tr>
<tr>
<td>Women, 20 yrs. and over</td>
<td>4,392</td>
<td>4,719</td>
</tr>
<tr>
<td>Men, 16 to 19 years</td>
<td>347</td>
<td>358</td>
</tr>
<tr>
<td>Women, 16 to 19 years</td>
<td>274</td>
<td>325</td>
</tr>
</tbody>
</table>

NOTE: Employment data for periods prior to 1978 are not strictly comparable with 1978 data because of an expansion in the sample and revisions in the estimation procedures introduced in January 1978.


The Causes of Unemployment

Major Theories

The Job Search Theory. The job search theory of unemployment has gained widespread interest and acceptance in recent years. It has long been recognized in the U. S. that full employment was compatible with the existence of some unemployment, which was conventionally termed "frictional" to distinguish it from the joblessness that occurs cyclically, when the economy operates at less than full employment. Frictional unemployment has customarily referred to that portion of the labor force out of work at any given time due to the normal turnover in the labor market. Over any period of time, some workers either quit or are released from their jobs, and although they may all take up new
employment, there is usually some delay in undertaking job search or in moving to a new location. In addition, some workers, particularly teenagers, are entering the job market for the first time and, being somewhat less informed and experienced at search, may have to hunt for some time before landing a job. Also, other workers, especially women, are reentering the labor market after an absence, and the discontinuity in their work experience partly delimits the areas and the payoff of additional search. (Mickens, 1975, p. 22)

Because the official unemployment concept is based upon activity, the frictional job search theorists adopt the normal turnover as a unitary explanation of joblessness. According to this theory, it is entirely rational for workers not to take the first job available, but to hold out in search for some optimal offer. In order to insure the maximum payoff from the search activity, the individual should be jobless in order to pursue all alternatives offering the most attractive returns. In this scenario, the jobless worker weighs the prospective benefits of a current or new job offer against costs of waiting for a possible better offer yielded by further search. (Mickens, 1975, p. 23)

The Job Search Theory can be criticized in more than one way. First, limitations in the existing labor force data make it extremely difficult to reliably estimate the amount of unemployment arising from normal turnover, since actual figures also embody much above-normal unemployment from which the former cannot be easily disentangled. The second item on which this approach is open to question is its implicit assumption that a significant amount of voluntary job quitting shows up in measured unemployment and therefore accounts for much of the friction.
Some recent evidence, however, suggests that this may not be so. (Mickens, 1975, p. 23)

The Dual Markets and Racial Differences Theory. Search theory also ignores an alternative paradigm for the persistent unemployment experienced by groups such as black workers and women, who represent a sort of secondary labor force in what has come to be known as a dual labor market of primary and secondary jobs. Racial differences in search activity have been documented time and again. Black workers are shown to rely more heavily on public employment agencies, which serve as matchmakers for the secondary, less desirable jobs, whereas white workers depend more on private employment agencies and informal referrals of friends and relatives, which appear to be the preferred conduits for channeling the better jobs in the primary sector of the dual market. Also the dual labor market paradigm, rather than the conventional neoclassical labor market model, better explains the simultaneous high turnover of ghetto and other disadvantaged workers and the high observed unemployment in the poor urban areas. Job search activities in the secondary market, where interindustry and interoccupational wage differentials are narrow relative to those in the primary market, obviously yield limited payoffs to search and other forms of human investment, appropriately discounted. (Mickens, 1975, p. 24)

The Natural Rate of Unemployment Theory. According to search theory, the unemployed weigh the probabilities of landing a better paying job by looking around longer against the discounted value of earnings issued by holding out. But this merely serves to define existing unemployment as in some sense "efficient" and voluntary, and does not
specify the market rate of unemployment determining this optimal level of frictional search. Accordingly, the natural rate of unemployment provides the market determination of this level. (Mickens, 1975, p. 24)

The equilibrium or natural unemployment rate is that rate which yields a zero inflation rate or rate of change in prices. This formulation counters the notion of a permanent trade-off between inflation and unemployment expressed in the Phillips curve relationship. Natural rate theorists argue that any attempt to "buy" a higher rate of inflation by reducing unemployment by one point would, in the long run, be countered by workers who would fully anticipate and incorporate the expected higher inflation in their pay demands. Unless policymakers are prepared to countenance accelerating inflation by trying to maintain the desired lower unemployment rate, natural market forces will drive the unemployment rate back to the point where inflationary expectations and demands of workers exactly matched actual inflation, which in turn matched the trend rate of productivity. But this zero inflation would now settle at a new higher rate, and its steady state would also determine a new higher natural rate of unemployment. Thus, a lower previous rate of inflation would be permanently sacrificed in return for a temporary reduction in unemployment. (Mickens, 1975, p. 24)

Tolerating the high unemployment rates which might be implicit under the natural rate of unemployment theory (even for the purpose of avoiding inflation) probably would not be in the best interest of Americans. The social costs of such high jobless rates - sharp declines in relative incomes of black families, increased family disorganization, not to mention possible heightened social tensions and turbulence in urban areas -
would far exceed any conceivable transitory benefits yielded in tolerating a high natural unemployment rate. Another sacrifice in tolerating higher unemployment as an insurance against inflation may be the loss of upward mobility and improved labor force quality, as suggested in a recent Brookings study by Arthur Okun. If we assume either a queue pattern of "last hired, first fired," or a segmented market of primary and secondary jobs as realistic features of urban labor markets, then black and other disadvantaged groups in the labor force would be even more tightly frozen in these dead-end positions. (Mickens, 1975, p. 25)

Remedies for Unemployment

In 1946, the U. S. enacted the Full Employment Act, written by Leon Keyserling: "The Congress declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means ... to promote maximum employment, production, and purchasing power." New Dealer Thurmond Arnold called this "the most revolutionary statement of the function of the federal government in our history." ("The Human Right to a Job," 1977, p. 38)

It is important to recognize that government policy is set in relationship to pressure from private citizens and political relationships. This aspect of the development of a role for government in reducing unemployment will be discussed in more detail in a following section. It will suffice, now, to draw a reference to the actual importance of the 1946 legislation mentioned above.

Helen Ginsburg, in her article, "Jobs for All: Congressional Will-0'-The-Wisp," points out that the Act which was finally passed in 1946 did not qualify as real "full employment" legislation. "What finally
emerged was a bland compromise ... It explicitly rejected the assumption that the federal government should intervene in the economy to guarantee employment for all who wanted to work." (Ginsburg, 1977, p. 139)

The most ambitious attempt since then to commit the federal government to a policy of full-employment centered on the struggle over H. R. 50 (The Humphrey-Hawkins Bill). Successive variants of the bill were introduced in March, 1975; March, 1976; and September, 1976. But though the number of pages doubled from twenty-eight to fifty-six, the goal shrank from jobs for all to jobs for some. (Ginsburg, 1977, p. 139)

It seems obvious from the above that although the federal government wants to play a role in reducing unemployment, it does not intend to guarantee a job to everyone who desires one.

If the 1946 Full Employment Act accurately assesses the goal of government in this area (to promote maximum employment, production, and purchasing power), it is easy to see why more headway has not been seen in the fight against unemployment. Since actions in one area inevitably have effects in at least one of the other two areas, the actions which are taken tend to be incremental.

Issues Concerning Government Intervention

The New Economics. Although it seems that there is a relative concensus that high rates of unemployment are not desirable, the real debate is over the wisdom of government policies to deal with the problem and the outcome of these efforts.

Basic to this debate is a disagreement concerning economic theory. As stated earlier, the acceptance of Keynesian economic theory signalled the beginning of major government efforts to deal with unemployment. This
theory has been called "the new economics." Opponents of current government intervention policies take issue with the wisdom of this economic theory. Business leader Douglas E. Kenna, speaking about low rates of business investment and job creation in 1976, said, "A central source of the problem is the New Economics (manipulation of the federal budget, taxes and spending, and the money supply to achieve full employment and prosperity)." (Kenna, 1976, p. 426).

Keynesian policy (the "new economics") reached its apogee in the middle 1960's when a strategic tax cut, engineered by the Council of Economic Advisors, under the Chairmanship of Walter Heller, and recommended by President Johnson, achieved the predicted result of reducing the unemployment rate to less than 4 percent. The Heller-Johnson success brought unemployment rates down a full percentage point to 3.8% and increased the rate of consumer prices (as measured by the Consumer Price Index) from about 1 percent a year to about 3 percent a year. (Worcester, 1972, p. 78-9).

The Inflation/Unemployment Dilemma. Among the debates concerning the effects of government intervention on unemployment problems, the one concerning inflation effects seems major. There is great disagreement in the recent literature concerning the relationship between unemployment and inflation. There are actually two questions to be considered here. One is whether the existence of a large pool of unemployed persons lowers business labor costs and therefore prices and inflation. The second is concerned with the effects of government spending to reduce unemployment upon the national rate of inflation.

Ray Marshall, named as President Carter's Secretary of Labor,
answered charges by Charles Schultz (Chairman of the Council of Economic Advisors) that an unemployment rate of less than 5.5% is inflationary. Marshall pointed out the scant evidence to support the theory of a trade-off between unemployment and inflation and noted that unemployment itself is inflationary because it means, among other things, lost output and rising expenditures on income maintenance programs. (Ginsburg, 1977, p. 142)

As stated in "Unemployment and Inflation" in New Republic,

"... the total acceptance of the Phillips curve in recent debates about economic policy becomes astonishing, so astonishing that an explanation is called for. In fact, the evidence for the existence of such a relationship is very weak. There are virtually no grounds for assuming a simple functional relationship between the level of unemployment and the rate of wage (or price) inflation in the last ten years. A simple plot of unemployment and inflation would show that the points lie all over the map; in no way would they trace out a regular relationship which the theory postulates." (Piore, 1975, p. 30)

Another article stated, "It is only when the pool of jobless skilled labor is exhausted that there will be a real danger of stepped up inflation." ("The Truth About Unemployment," 1977, p. 97)

Vernon E. Jordan, Jr., Executive Director of the National Urban League in 1976, wrote, "... a massive campaign is under way, designed to convince people that abnormally high levels of joblessness might be desirable in order to avoid inflation. But this ploy overlooks the fact that the law of unemployment induced inflation has been repealed. Last year, we had runaway inflation and double-digit unemployment. Inflation must not be controlled by putting all of the burden on working people, most especially on those who are relegated to the margins of the labor force because of color, sex, geography or lack of education." ("Is Unemployment Desirable," 1976, p. 15)
It seems that there is little support for the view that the existence of unemployment relates positively to reduced inflation. There is some agreement, however, that large-scale government spending and manipulation of the money supply, while reducing unemployment, can result in accelerated inflation.

A passage from Beyond Welfare and Full Employment, published in 1972, places this relationship in perspective. It says, "Unemployment, welfare programs and inflation arise from the same base and are interconnected. They can not be, in the final analysis, fruitfully examined separately because single-minded policies formed to alleviate particular problems in one area often have unexpected and unpleasant consequences in the other two." (Worcester, 1972, p. 3)

It is further stated in the above work that, "Persistent inflation during prosperity dates from the time that government intervened in markets and undertook conscious use of monetary and fiscal policy to expand the money demand for goods and services in order to assure full employment." (p. 16)

Amitai Etzioni calls the combination of high unemployment and high inflation which has afflicted the U. S. in the 1970's "stagflation." He says that the question is basically one of what we collectively desire — lower prices or lower unemployment on the one hand, or a humane, just society concerned with the quality of life on the other. What the persistence of stagflation indicates is that we chose to put up with 6% inflation and 7% unemployment, at least in the last few years, to make social progress (from fighting pollution to increasing worker protection) as well as social peace. In short, stagflation is not a reflection of our ineptitude but of our commitments to social values, of the relative
political strength of these values compared to our concern with a "sound
dollar," and of our willingness to rely more heavily on the government

Issues in Taxation. Probably the most serious concern of the
business community regarding government intervention to reduce unemploy-
ment revolves around taxing policies. According to a 1977 article in
Fortune magazine, "Quite a few members of Congress apparently believe that
the federal government can create large numbers of jobs by hiring un-
employed people itself, or by paying state and local governments to expand
their payrolls. But unlike employees of private companies, people added
to public payrolls produce no marketed output. Their pay, plus the
overhead costs, derives from resources that are withdrawn from the private
economy. This withdrawal of resources reduces investment and employment
in the private economy." ("What It Takes to Create Jobs," 1977)

Further support for this argument comes from Rep. Jack Kemp (R. New
York) when he stated, "... jobs in the private sector pay for themselves,
while the taxpayer foots the bill for public sector jobs. And of course,
more private sector jobs mean fewer unemployment related expenditures by
government, such as food stamps and unemployment compensation." (Kemp,
1977, p. 109)

Speaking about corporate tax rates Rep. Kemp hypothesizes that
these, along with inflation and disincentives for savings and investment,
have been choking off the vitality of the "American Job Machine." Ac-
cording to Kemp, the most important factor in increasing productivity is
the amount of capital investment spent per worker. The U. S. trailed all
major free-world nations at the time of his writing, with an investment
rate of only 18 percent (Japan 35%; W. Germany 26%; France 25%). (Kemp, 1977, p. 104)

An interesting contrast to the points of view expressed above may be found in a recent article by Paul Rosenstiel. According to Mr. Rosenstiel, corporations are bearing an ever-smaller share of the costs of Government. Corporate profit taxes accounted for 22 percent of Federal revenues in the fiscal years of the 1960's, but dropped to 16 percent in the 1970's (including the Administration's projections for 1979). As a percentage of the gross national product, these taxes declined from 4.1 to 3.2 percent through these years. (Rosenstiel, 1979, p. 271)

A partial explanation for this comes from economic analysts on the staff of Representative Charles Vanik. Since 1969, staff accountants have made annual surveys of the actual - rather than legal - rate at which corporations pay taxes. Because of various loopholes and deductions, the effective corporate tax rate is well below the 48 percent statutory rate that prevailed in the years studied. And it kept on declining through the mid-1970's. The 168 large companies studied in 1976 paid Federal taxes at an average rate of only 13 percent on their profits worldwide, a drop from 28.6 percent in 1972. (Rosenstiel, 1979, p. 271)

As for the shortage of investment funds business spokesmen complain of, corporations are virtually drowning in cash these days. A Business Week survey of 545 large corporations found their cash holding climbed 67.5 percent between the end of 1973 and March 1978. And, despite Federal borrowing to finance the deficit, companies have little trouble raising money if they need it. "Even if companies were running low on cash," reported Business Week, "external financing is still readily available." (Rosenstiel, 1979, p. 271)
According to Rosenstiel, the low deficit President Carter plans for 1980 clearly involves little danger of fueling inflation. But, taken with the new tax cuts in business's favor, it also sacrifices any chances that Government policy will reduce unemployment. Consider the reduction in the maximum corporate-profit tax rate from 48 to 46 percent. This reduction, though promoted as a spur to investment and employment, is an exceedingly wasteful use of the Government's taxing and spending powers at a time when profits are high but six million people remain unemployed. A 1976 Library of Congress study found a tax cut of this type to be highly inefficient at inducing new investment. For every dollar in revenues the Treasury would forgo and corporations would save, a mere 4 cents would be invested. The other 96 cents would be a "windfall" to the corporations. Such a tax cut would generate relatively few jobs. Since 1960, each $135,000 (in 1980 dollars, based on the Administration's inflation projection) spent by private employers on new plants has been able to create only one new job. Since this tax cut will save corporations $5.3 billion in fiscal 1980, about 1,600 new jobs will result. If that money were taxed and spent for public service jobs, however, far more Americans could be put to work. Each job created in the anti-recession component of the Comprehensive Employment and Training Act will cost $9,500 in fiscal 1980. At that price, $5.3 billion could create 558,000 jobs - 350 times as many as through the corporate tax cut. But rather than being expanded, these jobs will be slashed by 158,000 to help pay for the corporations' windfall tax break. To people who are unemployed, the idea that there is a choice between the Government creating 1,600 jobs or 558,000 must seem cruel. How much more cruel it is then, when given a choice that involved equal budget deficits, Congress and the
President opt for 1,600 jobs. (Rosenstiel, 1979, p. 272)

The Business View of the Role of Government. Creating government jobs for the unemployed would do more harm than good in the view of the overwhelming majority of Nations Business readers responding to an October, 1976, "Sound Off To The Editor" question. They voted fifteen to one that the government should not guarantee a job to everyone. ("How Not To Combat Unemployment," 1976, p. 16)

Business charges that government intervention is, in itself, worsening the problems of unemployment. Robert Vaughan reaches the following tentative conclusions about the effects of labor policy: Federal minimum wage laws may have led to increased unemployment in central cities, and other federal labor laws may have contributed to high unionization rates in the northeast and midwest, resulting in higher wages, which may have slowed growth in those regions. (Kasoff, 1975, p. 30)

Another journal, geared toward the business community, published the following analysis: "Some of the most effective measures that the government could adopt to reduce the unemployment rate are usually ruled out from the start as being philosophically or politically unacceptable. They shouldn't be ruled out. These measures are: (1) Get rid of statutory minimum wages, (2) Tighten up on unrealistically generous unemployment benefits, (3) Start trimming away at privileges that enable some segments of organized labor to force wages up to un-economic levels, and (4) Encourage business to invest more vigorously in productive capacity. ("What It Takes to Create Jobs," 1977, p. 133)

In actuality, many business people do not feel that government policy on unemployment has had much impact. The following excerpt from
Fortune Magazine illustrates this position. "The plain reality is that the tremendous creation of jobs during Carter's twenty months reflects no government policy at all. The jobs were created by the natural working of the U. S. economy, which is now in the fourth year of a broad-based expansion. Both the expansion and the job boom began before Carter took office; the annual unemployment rate actually fell more between 1975-6 than between 1976-7. (Hough and Mesdag, 1978)

Determination of Public Policy on Unemployment

Political Interests

It is important to be aware that aside from questions of influence by private interest groups, evaluations of past performance or perceived potential impacts, politicians make decisions based upon trade-offs and relationships with other politicians.

There is a system of "favor giving" which remains a part of the political decision-making process. For instance, if money was to be spent only when its use would optimize positive impacts upon the poor, some communities would never receive any attention from the federal government at all. This would not be in the best interest of their elected representative who would have little to use as a basis for a political platform.

One interesting example can be seen in Congress' approval of a $2 billion public works appropriation as reported in Time Magazine in 1977. The public works appropriation required that 30% of the dollars go to communities with unemployment rates below the national average (underlining added). One of the Senate Public Works Committee staffers was quoted as saying, "It was a necessity. You can't have all the money
going to Newark, the Congressman from Scarsdale wants a cut too." Out-going Assistant Commerce Secretary John Eden calls the 30% requirement "an absolute embarrassment. We gave money to places that didn't need it."

("Lotsa Bucks But Little Bang," 1977, p. 46)

**Business Interests**

Private industry has traditionally been skeptical of government efforts to control the rate of unemployment in the United States. Some references regarding reaction to past government efforts in this area provide insight into the relationship between the interest of business and government policies on unemployment.

In November, 1933, President Roosevelt established the Civil Works Administration. By mid-January, 1934, only a few weeks later, more than 4 million persons had been put to work by the federal government. Indeed the CWA was a victim of its own success; it was violently attacked by business, which appreciates an extensive labor pool. In the 1940's, meaningful full-employment legislation was killed by big business and the republicans. (Ginsburg, 1977, p. 141)

There seems to be some major disagreement concerning President Carter's choice of Charles Schultze of the Brookings Institution to chair the Council of Economic Advisors. Schultze's influential Senate testimony, reprinted in *The Washington Post* (June 7, 1976) as an op-ed essay, is widely credited with having killed H. R. 50's chances in the last Congress. (Ginsburg, 1977, p. 141) *Fortune* Magazine has praised Schultze for his understanding of the problems of business. ("What It Takes to Create Jobs," 1977, p. 142)

Economic policy is the outcome of a political process. The
important actors in the process are, on one side, the trade union move-
ment and organized minority groups pushing for expansion and a low rate
of unemployment, and, on the other side, the business and banking com-
munities which have been infinitely more cautious and conservative.
Actual policy is the outcome of the balance of pressures exerted by these
two groups and one can almost say that the target rate of unemployment,
indeed, even the rate of unemployment itself, shifts continuously as that
balance is adjusted. (Piore, 1975, p. 30)

**Summary**

Unemployment obviously poses a serious problem for the United
States, especially for young people and minorities who are over-repre-
sented among the unemployed. Aside from the persons who are represented
in official unemployment rates, there are many more unemployed who fall
among the categories of those who are discouraged, unable to leave their
home responsibilities, or uncounted by the decennial census.

Though there is general agreement that high rates of unemployment
are undesirable, there is some debate over the appropriateness of govern-
ment intervention to reduce unemployment. It seems evident that any action
taken on the part of government will result in repercussions in other
parts of the economy. The business and banking communities have tradi-
tionally taken a conservative attitude regarding government intervention.

Some evidence has been presented, however, which indicates that
government taxing and spending are likely to create more jobs than tax
cuts which are designed to stimulate business investment. Although some
upward inflationary pressure is exerted by government efforts to reduce
unemployment, this is probably a trade-off that Americans are willing to
make in order to make "social progress."
CHAPTER III

THE HISTORY OF GOVERNMENT EFFORTS TO REDUCE UNEMPLOYMENT IN THE UNITED STATES

Introduction

The Comprehensive Employment and Training Act of 1973 was passed in an effort to deal with the large scale problems of unemployment in the U.S. It was not the first effort on the part of the federal government to deal with the problem. This chapter includes a brief history of unemployment within the U.S. and the programs which were developed by government to deal with the problem. This discussion leads to a summary of the purposes and goals of the CETA legislation including its expected accomplishments and the role of various levels of government in relation to these objectives.

CETA has recently been reauthorized through 1982. This reauthorization takes into account some of the problems which were encountered under the 1973 legislation and some changes have been made. The implications for future prime sponsor level planning under the new legislation are also included here.

U.S. Unemployment History

The Great Depression of the 1930's brought unemployment to the fore-
front as a national problem. Prior to this time, the federal government had not been actively involved, on a large scale, in the creation of jobs for unemployed persons.

During the Depression years, the Government became the major source of jobs for persons who were forced into idleness by the continuing economic slump. It used a variety of initiatives in an effort to compensate for the job deficits in the private sector. In the latter years of the Depression, various New Deal agencies such as the WPA and PWA, exclusive of the regular Federal establishment, accounted for one out of every ten employed persons. The Depression ended when the U. S. was engulfed in World War II and the military and the rapidly expanding Federal civilian rolls soaked up all the slack in the labor market. ("200 Years of American Worklife," 1977, p. 172-4)

When the war ended, the specter of the Great Depression was still fresh in the minds of the American people. Congress debated intervention strategies for asserting a more active Federal role in economic affairs in general and in employment policies in particular. The product of this debate was the Employment Act of 1946, which remained largely an expression of pious hope. However, instead of leaving millions of veterans to fend for themselves in the private economy, the Government provided economic cushions guaranteeing one year of employment benefits (paid for from general revenue funds) and subsidized the education and/or training of those who needed additional preparation before entering the civilian labor market. ("200 Years of American Worklife," 1977, p. 172-4)

During the latter half of the 1950's Senator Paul H. Douglas led a protracted legislative struggle to secure aid for the unemployed and underemployed in depressed areas. In 1959, the U. S. Senate appointed a
Special Committee on Unemployment Problems to study the broader impact of unemployment problems. Based on its extensive investigations and hearings, the committee recommended special provisions for training and retraining unemployed workers. Senator Douglas' efforts finally paid off in May, 1961, when Congress enacted the Area Redevelopment Act, the first legislative move in a series of far-reaching steps aimed at helping the poor, unskilled, and unemployed. ("200 Years of American Worklife," 1977, p. 172-4)

With an unemployment rate in the United States of over eight percent during 1975, manpower policies figured large in discussions of action to ease the effects of the labor market of slow recovery and anti-inflationary policy. However, an active manpower policy was actually begun by the Government in the 1960's in response to a number of emerging problems. At the beginning of the 1960's the economy was characterized by relatively high unemployment due both to lack of aggregate demand and to structural problems in the labor market. The overall unemployment rate was averaging about six percent which was thought to be unacceptably high, and in addition it was clear that certain categories of workers were experiencing disproportionate difficulty in finding work. Among Blacks, joblessness averaged eleven percent -- double the rate of their White counterparts. At the same time, workers below the age of 19 were having job finding difficulties, as the first of the postwar baby boom cohort began to enter the labor market. Unemployment among this group averaged over fifteen percent. A sluggish economy resulted in slow expansion of employment opportunities, so that many people became discouraged and stopped looking for work. Thus the over-all unemployment rate may have understated the excess capacity in the labor market. Tax cuts were introduced to remedy
this situation and stimulate aggregate demand, while the Manpower Development and Training Act (MDTA) and the Economic Opportunity Act (EOA) instituted specific manpower policies designed to assist the more dis-advantaged groups. (Werneke, 1976, p. 44)

Sustained growth during the second half of the 1960's brought un-employment down below four percent; though the MDTA and EOA programs were too small to have a significant overall impact, coupled with generally rising labor demand, they helped many who had been at a disadvantage in the competition for jobs. However, the rapid growth also accelerated inflation and thus brought into conflict policies to promote high levels of employment on the one hand and price stability on the other. The role of manpower policy in this context was to reduce the trade-off by providing the needed skills, bridging geographical information gaps, and matching workers and jobs. Accordingly, with a view to increasing productivity and relieving labor supply bottlenecks, skill training either on the job or in an institutional setting became an important focus of policy until the 1970 recession. (Werneke, 1976, p. 44-5)

With the economic downturn of 1970-1, attention shifted from the disadvantaged to the cyclical problems of rising unemployment combined with growing inflation. At that time, prices were increasing at more than five percent a year and the unemployment rate rose sharply to nearly six percent. In fact, the acute deterioration of the trade-off relationship became the dominant characteristic of the United States economy and the chief problem of manpower policy in the first half of the 1970's. In 1975, more than 8 million people were actively seeking work, while an additional 1.2 million "discouraged" workers had dropped out of the labor force. Although every major group in the labor force experienced
a significant increase in unemployment, women, teenagers and blacks suffered proportionately more than the rest. One in seven black males was looking for work and unable to find it, while the unemployment rate for black teenagers soared to 35 percent. In poor areas of large cities unemployment ran over 15 percent. Thus, manpower policymakers had to cope with an exceptionally high level of overall unemployment while at the same time attempting to help groups with long-term structural unemployment problems. (Werneke, 1976, p. 45)

Pre-CETA Unemployment Programs

Under the Manpower Development and Training Act of 1962 (MDTA), the U. S. Department of Labor established a number of categorical and centrally administered programs for which contract applications from agencies in states, counties, and cities throughout the country were reviewed. Other federal agencies such as HEW, and OEO (Office of Economic Opportunity) made similar grants by contract. The "manpower programs" that emerged in the state and local governmental units tended to be whatever the contracts awarded had provided, not necessarily what these governments considered a well-rounded program to fit state and local needs. ("The Implementation of CETA in Eastern Massachusetts and Boston," 1978, p. 5)

A number of efforts were made to achieve local coordination of grants made to different agencies, especially through the development of the Cooperative Area Manpower Planning System (CAMPS). But there was also dissatisfaction in many cities, especially with the categorical and centralized federal government administration of institutional, on-the-job (OJT) and other similar programs. At the same time, there was
sentiment in the Congress to move toward more comprehensive, decentralized and decategorized programs. The Nixon administration was interested in manpower programs as a form of revenue sharing with states, counties, cities and towns. CETA emerged out of these state and local pressures on the one hand and federal interests on the other. (The Implementation of CETA in Eastern Massachusetts and Boston," 1978, p. 5)

The Comprehensive Employment And Training Act

Funding and Authorization

The CETA public employment program was initially funded at $850 million. As the recession deepened, Congress enacted the Emergency Jobs and Unemployment Assistance Act, which brought the total level of funding to 2,500 million for 1975, thus providing for about 325,000 jobs annually. (Werneke, 1976, pp. 48-9)

Most CETA money is allocated by formulas (which contain weights for such items as unemployment, number of low income people, and previous federal manpower spending) to the local units of government indicated above. Most of the allocations came under three titles (I, II, and VI). The money provided through the three titles could come nowhere near meeting the needs of the entire eligible population so the local decision-makers were faced with the necessity of making choices among programs and client groups. ("CETA Prime Sponsor Management Decisions and Program Goal Achievement," 1978, p. 1)

CETA did not eliminate all categorical, federally administered programs. The Job Corps (established under MDTA) continued as a distinct national though reduced program; and separate federal programs were
authorized for migrants, released offenders, youths, non-English speaking people and American Indians. (Ibid)

It is somewhat ironic that the funding formula for CETA is determined by the National office of the Department of Labor according to a prescribed formula based on population, unemployment, and poverty within an area. This level then becomes the starting point in CETA planning and it is the least flexible of all the CETA rules and regulations. Many have argued that the "new federalism" of the Nixon Administration essentially redistributed the national monies from the central cities to the suburban rings, with about the same percentage going to the rural areas before and after the passage of the legislation. ("The Implementation of CETA in Eastern Massachusetts and Boston, 1978, p. 71)

General Purposes

The basic purposes of CETA were to offer services and jobs to those in the U. S. population who were willing to work but unable to find an appropriate job opportunity, either because of lack of training, discrimination, or cyclically-related scarcity of job opportunities. The letter and intent of the CETA legislation concentrated on the needs of individuals, specifically those who were economically disadvantaged. (Ibid)

Similar in structure to its forerunner, the Public Employment Program (PEP), the CETA job creation program was designed to create opportunities for transitional employment in jobs providing needed public services in areas of substantial unemployment. Recognizing the unequal geographical distribution of unemployment, CETA made funds available to areas where the unemployment rate was 6.5 percent or more for three consecutive months; equally, they automatically ceased when the
rate fell below 6.5 percent for the same length of time. This "triggering" mechanism underscored the counter-cyclical nature of the program. By tying funding to a specific threshold, it was hoped that the program could be applied quickly in a recession and terminated as unemployment receded during the recovery phase of the cycle. Funds were allocated among eligible localities according to the proportion of unemployed persons living in them and, in order to maximize the number of jobs created, it was laid down that 90 percent of these federal funds had to be allocated to wages and employment benefits. For the same reason federal contributions were limited to the creation of jobs paying $10,000 a year or less. Because the major purpose of the program was to increase employment, attempts were made to guard against the substitution of CETA funds for usual federal, state, or local ones by laying off employees and rehiring them under CETA. Thus, it was specified that to be eligible for employment under CETA, individuals must have been unemployed for 30 days prior to application and that priority should be given to those who had been longest unemployed and had exhausted their unemployment benefits. (Werneke, 1976, p. 48)

Program Areas Under CETA

The three titles under the Comprehensive Employment and Training Act which provided the bulk of money to prime sponsors for use at the local level were Titles I, II, and VI. A summary of these titles is shown below:

Title I: Authorized job training, counselling, education and other services to increase the employability and productivity of persons enrolled in programs. It was
thus partly directed at changing the structural characteristics of the labor market. In the context of high and rapidly rising unemployment, however, direct job creation received the major emphasis. (Werneke, 1976, p. 48)

Title II: Under this title and later Title VI federal funds were authorized for a major public employment program. (Ibid) Title II was actually a small public service employment program in the original act aimed at structural unemployment and creating new opportunities for the disadvantaged.

Title VI: A large counter-cyclical public service employment program added to CETA in 1974 (The Emergency Jobs Program).

Expected Accomplishments

The central reasoning around which the CETA legislation was developed was that local areas were in a better position to know their own problems and the efforts which were necessary to alleviate them. Based upon this reasoning, it was hoped that the goals which have been previously stated would be met more efficiently through the decentralized system which CETA represented. However, the recession which occurred in the U. S. in the early 1970's modified to some extent the original goals of CETA. The primary focus became to get people to work as quickly as possible. Since the quickest way to do this was to hire people on government payrolls, the focus became to hire people as quickly as possible for functions which were needed for government.

The Federal Role

In the past, the most important link between the prime sponsor
level and the federal level under the CETA program has been the Regional Representative or the Federal Representative, as they are sometimes called.

The Federal Representatives were placed in a difficult position since they represented, in both a personal and institutional sense, the Department of Labor. Only some elected officials and some chief staff persons came in contact with other Labor Department officials. The Federal Representatives, therefore, if they were to affect local actions toward conformity to national policy preferences, needed clear guidance, consistent policy, and good training. They required the support of their superiors in the regional and national offices for the positions they took. ("The Implementation of CETA in Ohio," 1977, p. 48)

The CETA statute transferred considerable decision-making authority from the Federal government to prime sponsorships. Acceptance of local authority by the regional office was inconsistent and reluctant during the first year of CETA; the second year showed greater consistency and diminishing reluctance. As of 1977, considerable ambivalence still existed in the regional offices (and also in the national office) about the Department of Labor's precise role in CETA. In some areas, the Department took a hands-off attitude, and in others, there seemed to be a substantial and consistent increase in reporting requirements. There may have been good reasons for selective action and inaction on the part of the Department. Those reasons, however, do not seem to have been articulated very consistently or clearly. (Ibid)

The major functions of the regional office were: reviewing prime sponsor plans (Comprehensive Manpower Plans), providing technical assistance, monitoring prime sponsor effectiveness, and providing a communication
link with the Department of Labor.

The State Role

According to the statute and some rhetoric about CETA, states were supposed to play an important and active role as statewide coordinators of manpower services. The statute, however, gave the states few resources with which to assume this role. Except for those that were the only prime sponsor, the states had a diversity of programs and priorities. (Ibid, pp. 42-3)

Yet, the state was not bereft of resources and potential. States were to create a Manpower Services Council and were given one percent of the total allocation for Title I programs in all prime sponsorships in the state for funding a staff for the SMSC. They were also given 4% of the total allocations for state-wide projects of almost any description and 5% of the total allocations for state-wide projects in vocational education. They were able to draw on the influence and expertise of the State Employment Service and State Vocational Education department to develop impact on manpower. Thus a state had potential for developing a meaningful coordinating role for itself; with skill and perhaps luck, it could even become a leading role. (Ibid)

The Role of the Prime Sponsor

Four hundred and sixty state and local governmental units are acting as CETA Title I prime sponsors for FY '79, a net increase of ten over the number in 1978 and 57 more than the original number of sponsors for CETA's first year, FY '75. (ETA Interchange, November, 1978)

The prime sponsors for FY 1979 will consist of 67 cities, 180
counties, 144 consortia, 49 states and territories, and 20 cities, counties, or rural areas operating CETA programs under exceptional circumstances. (Ibid)

The most important responsibility of the prime sponsors to the regional office of the Department of Labor is the submission of the Comprehensive Manpower Plan which can be rejected by the regional office for a variety of reasons. However, rejection is uncommon and should in fact not happen at all if the Federal Representative is working closely with the prime sponsor during the planning period and providing the technical assistance mandated in the law and regulation. In addition to the planning document, the prime sponsor must even provide "assurances and certifications" that it is adhering to all regulations.

Persons connected with the day-to-day CETA operations are not surprised that the President's Commission on Federal Paperwork determined that the amount of paperwork required under CETA "prevented the program from serving its intended beneficiaries." The report went further to say that the DOL tended to "legislate through the issuance of guidelines and regulations." Whether or not the volumes of regulations and paperwork are necessary to assure that the funds are used in a honorable manner and do get to the persons designated as target groups in the legislation is hard to determine. The demands of the regional office for a continuous flow of forms which assure compliance with regulations may well aid the clients of the CETA program by insuring that the abuses are at least minimized. As with all aspects of CETA, there is wide variance in the experience of the prime sponsors and their relationships with the regional office. ("The Implementation of CETA in Eastern Massachusetts and Boston," 1978, p. 35)
The Reauthorization of CETA

The Comprehensive Employment and Training Act (CETA) was reauthorized in 1978 for four more years, through 1982. There were some changes and some reaffirmations of the original goals of the legislation.

According to the Employment and Training Report of the President, published in May of 1978, the following were the key elements of the administration's proposal for the extension:

* Targeting resources more sharply on individuals and areas in greatest need.

* Establishing long-term increase in earnings as the primary goal for participants in CETA programs.

* Strengthening the orientation of all CETA programs toward permanent, unsubsidized employment, including the development of a new private sector initiative.

* Strengthening the emphasis on program performance.

* Establishing a continuing substantial program of subsidized public service employment for areas with chronic high unemployment.

Under the reauthorized Act, Title II combines the previous Title I (Comprehensive Manpower Services) and Title II (Public Employment Program) into a single title targeted at economically disadvantaged persons. Title II has been authorized at a level of $5 billion for 1979, making it potentially one of the most substantially funded Titles under the Act.

The new Title VI under CETA modifies the previous temporary emergency program of public service employment, making it an on-going counter-cyclical public service employment program. Under this new title funding is authorized for jobs to employ 20 percent of the nation's unemployed in excess of 4 percent and 25 percent of the unemployed when national unemployment is higher than 7 percent.
Title VII under the Act seeks to increase the involvement of the business community in providing employment and training opportunities. The primary emphasis is upon the development of private sector opportunities for economically disadvantaged persons. Title VII is authorized at a level of $500 million for 1979.

There are a total of 8 titles under both the 1973 Act and the 1978 reauthorization. For a further explanation of the titles and client eligibility, see Appendix I.

The reauthorized CETA legislation puts greater emphasis upon the involvement of various community groups and organizations in the manpower planning process. Along with advisory planning councils made up of community representatives the legislation calls for the establishment of private industry councils to promote active business community participation. The legislation urges prime sponsors to develop local public/private approaches to enhance employment opportunities.

Other objectives of the Department of Labor in its development of proposed rules under the 1978 CETA reauthorization were as follows:

* Ensuring comprehensive planning and delivery through coordination of the various employment and training opportunities,

* Focusing on the transition of participants into unsubsidized employment,

* Providing for improved management control to ensure the integrity and efficiency of the program, and

* Initiating new requirements to eliminate fraud and abuse.

According to the Department's proposed rules, prime sponsors are required to submit a Comprehensive Employment and Training Plan (CETP) to apply for financial assistance. The CETP is composed of two parts,
the Master Plan and the Annual Plan. The Master Plan serves as the long-
term agreement between the Department and the prime sponsor. The Annual
Plan is the prime sponsor's yearly plan for providing activities and
services to the eligible population.

There is a clear implication that prime sponsors will be expected to
compile and maintain more extensive data on eligible participants and
program operations under the reauthorized Act. There is a greater
emphasis upon effective program management, including monitoring and
evaluation of project effectiveness. An even more fundamental emphasis
is being placed upon the need to give greater priority in the future to
the needs of those unemployed persons who are economically disadvantaged.
This will have implications most noticeably in the area of public service
employment since the skill levels of the newly designated eligible popu-
lation may be below those of many previously hired PSE participants.
This may have the effect of reducing the temptation on the part of
governments to substitute PSE employees for permanent employees. A
limitation upon supplementation of salaries under this title will also
work in this direction.
CHAPTER IV

THE IMPACT OF PRIME SPONSOR LEVEL MANPOWER PLANNING

DECISIONS UPON PROGRAM SUCCESS

Introduction

It was hypothesized early in this study that the decisions which are made on the prime sponsor level have an effect upon overall program success or failure. In this chapter, the various decisions which are made at this level are identified and the findings of ETA studies regarding the impacts of these decisions are discussed. This type of analysis provides, to some degree, a chance to learn from the mistakes or the wise decisions of past manpower program planners and administrators.

A quotation from a 1978 ETA publication on CETA program implementation highlights the context within which prime-sponsor level planning should be viewed.

"As the concept of local manpower planning has developed through a series of informal administrative dictums and formal programmatic institutions, it has proven to be the most elusive of the goals of manpower and poverty programs. Planning goes on within any organization, albeit tacitly and without formal structure in many. Often, planning is confused with an analytical approach to program administration. Real planning is, however, much more than simply laying out planned services and identifying client groups. Coordination is the key once the priorities and policies have been laid out for the planner to use. A good manpower planner must be a jack-of-all trades in that he/she must have a fundamental understanding not only of the economics of the labor market on the supply and demand side, but must also have a keen awareness of the
needs and priorities of client groups and of the political and administrative forces which can be the pivot upon which the successful implementation of a plan turns." (The Implementation of CETA in Eastern Massachusetts and Boston, 1978, p. 35)

A monograph published by the U. S. Department of Labor, based upon the study of fifteen national sites of CETA programs and seventeen sites of CETA programs in Ohio, draws some conclusions on the relationships between prime sponsor decision-making and program success. The authors of the study concluded the following:

"Our broadest finding is that CETA at the local level is not a highly constrained system. Local decision-makers, particularly very competent and committed local professional staff members, have a great deal of latitude in determining who gets served and how well the programs perform. Factors over which they have considerable control are the most important in explaining quality of performance." (CETA Prime Sponsor Management Decisions and Program Goal Achievement, 1978, p. xi)

In order to make some objective assessment regarding the level of success of programs, the authors of the above study applied a set of performance indicators. These indicators, based upon various clusters of data, provided a good guideline for comparing program performance. An explanation of these indicators is also included here.

Programmatic Decision-Making

There are a variety of analytical techniques within the planning field which may be used as aids in collecting, analyzing, and/or presenting the data which is required for decision-making regarding manpower services. Some of these techniques are: (1) Cost-benefit Analysis, (2) Cost-Effectiveness Analysis, (3) The Balance Sheet of Development Approach, and (4) The Goals Achievement Matrix. An explanation of each of these techniques is provided in Appendix II.
These varying analyses allow planners to develop recommendations based on such criteria as program effectiveness, costs, benefits, community goals, and client needs.

Another approach, which was developed by Herbert Hellerman and Michael Tannen, is a "Linear Programming Model." This model is also explained in Appendix II. An understanding of this approach provides some insight into the demanding task of the prime sponsor level planner in obtaining and utilizing the data which is essential to a meaningful manpower planning strategy.

In order for the planner to develop recommendations concerning those decisions which must be made at the prime sponsor level, some rational planning methodology must be implemented. This model may be a blending of techniques but should be suited to the special needs of the jurisdiction.

Due to the decentralized nature of the CETA program, a large number of programmatic decisions were placed within the purview of the prime sponsor. Some of the most important decisions which have been made at the prime sponsor level are: (1) Choice of Program Mix, (2) Degree of Sub-Contracting and Procedures Used for Sub-Contracting, (3) The Planning Data to be generated, (4) The Amount and Type of Monitoring and Evaluation, and (5) The Degree of Openness of the Planning and Decision-Making Processes. These variables are explained as follows:

(1) Choice of Program Mix: There are four major types of programs which prime sponsors may choose to implement. They are: Classroom Training, On-the-job Training, Public Service Employment, and Work Experience. Each of these programs is designed to deal with different problems faced by segments of the population who are unemployed. Since
there is not enough CETA money to provide a place in one of these programs for every unemployed person within the prime sponsor's jurisdiction, choices must be made as to which programs will be offered and which client group will receive priority for receiving services.

(2) Degree of Sub-Contracting and Procedures Used: The programs which are offered under CETA are not always offered by the staff of the CETA program. In may cases, prime sponsors choose to contract out these services to other agencies within the jurisdiction. If they choose to do this, they may choose to use a Request For Proposal (RFP) system in order to be sure that they have procured the best and most efficient program location and administration.

(3) Planning Data: It is important that programs operating under CETA within the same jurisdiction collect data which can be assimilated and provide manpower planners with the information which they need to make intelligent decisions regarding the efficiency of their programs and to make changes when necessary.

(4) Monitoring and Evaluation: It is sometimes important for the staff of the prime sponsor to make visits to the programs which have been sub-contracted. This provides a constant flow of two-way communication between the prime sponsor and the individuals who are actually providing the services under the program. Evaluation, in particular, can uncover problems which may be preventing a program from performing at its fullest potential.

(5) Degree of Openness of the Planning and Decision-Making Processes: This variable reflects the amount of input which others outside of the prime sponsor staff have into the decision-making process concerning the implementation of CETA at the prime sponsor level. An open decision-
making process often facilitates conflict among the various actors but it may also lead to better decision-making.

**Program Performance**

The first question which must be answered before judging the success or lack of success of CETA programs is: "What is success and how do you measure it?" Success is spoken of in terms of "performance" in the literature.

The following comments from the literature emphasize the difficulty in defining criteria for success or high performance:

"We realize that performance in manpower is a very complex topic and that there is no agreement among experts on the best way either to conceptualize it or measure it." (CETA Prime Sponsor Management Decisions and Program Goal Achievement, 1978, p. 71)

"Selection of the measures to use in evaluating prime sponsor performance is not a neutral exercise. Different measures will emphasize or fail to emphasize different aspects of program performance, and prime sponsors will rank differently on different measures. The Department of Labor and prime sponsors have been in continuing discussion, debate, and negotiation over the selection and application of national performance indicators. Economic impact of CETA participation on the persons enrolled is, in principle an important performance measure. It is, however, very difficult to obtain appropriate data for measuring economic impact." (Ibid, p. 78)

"In the CETA system it is difficult to evaluate the performance of prime sponsors, because of the latitude granted them and the amorphous character of national goals for CETA. Even in some categorical programs, Congress built in enough latitude for local variation to make it difficult to judge effectiveness." (The Implementation of CETA in Ohio, 1977, p. 57)

In the study supported by the U. S. Department of Labor of fifteen national prime sponsor sites and seventeen sites in Ohio, the following indicators of performance were applied and cross-tabulated:

**Termination Cluster Indicators**

1. Placement Efficiency: This is a measure of the overall effectiveness of CETA as a mechanism for getting people into unsubsidized
employment. It is calculated as the number of people entering employment divided by the number of all persons enrolled. The measure indicates what proportion of people who are enrolled end up with a job. This indicator is a crucial test of how well CETA is working in terms of getting people employed.

(2) CETA Placement Rate: This is a similar kind of measure, but it narrows the focus even more by indicating what proportion of all enrollees get a job after receiving CETA services other than assessment and referral. It is calculated as the number of indirect placements divided by the number of people enrolled.

(3) Indirect Placement Rate: This is calculated as the number of indirect placements divided by the number of people entering employment. This measure indicates what proportion of the people who got jobs had received some CETA services other than assessment and referral. This was one of the national indicators used by DOL (Dept. of Labor) during FY '76.

(4) The Entered Employment Rate: This indicates what percentage of the people who leave a CETA program do so because they got a job. It is computed by dividing the number of people entering employment by the total number of terminations. This was also a DOL standard indicator in FY '76.

(5) Non-positive Termination Rate: This is the number of non-positive terminations divided by the number of total terminations. It indicates the proportion of people who are leaving a CETA program for reasons other than getting a job, going back to school, joining the military, or other "positive" reasons. This was a standard indicator used by DOL in FY '76.
Cost Cluster Indicators

(1) Cost Per Placement: This indicates how much it cost the prime sponsor to put a CETA participant into a job. It is computed by dividing the total accrued expenditures by the number of people entering employment.

(2) Cost Per Indirect Placement: This is computed by dividing total accrued expenditures by the number of indirect placements. It indicates the cost for each person who was placed after receiving CETA services other than assessment and referral, and was another one of the DOL standard indicators in FY '76.

(3) Cost Per Enrollee: This indicates how much it costs the prime sponsor to serve each participant enrolled. It is computed by dividing accrued expenditures by number of enrollees.

Major Actors in the Decision-Making Process

There are a variety of persons on the prime sponsor level having major impact upon the decisions which are made regarding the implementation of CETA programs. Some of these actors are: political officials, prime sponsor staff, manpower planning council members and service deliverers. To some extent, an active regional representative could also influence these decisions. The background and perceptions of each of these actors can be important in influencing the direction that planning and implementation of these programs will take. The degree of openness of the decision-making process may affect the extent of the influence of these various actors concerning the planning process. The influence of the actors involved may revolve around two major inputs. The first would be related to the type of information which is provided
to planners and decision-makers during the planning process. The second is concerned simply with the assertion of political influence upon decision-makers. Pre-conceived perceptions on the part of decision-makers may also play a part, though, hopefully a good information process should prepare them to make quality decisions regarding programming.

The Relationship of Prime Sponsor Decisions to Levels of Program Success

Based upon a composite of the performance indicators described above, ETA supported research has shown a variety of correlations between certain prime sponsor decisions and levels of program success. The following represents the findings of the ETA supported research concerning the performance of 32 prime sponsors:

(1) Program Mix: Relatively high expenditures for the enrollments in On-the-Job Training help produce strong showings on placement and cost indicators. Relatively low expenditures for and enrollments in work experience help produce strong performance as measured by placement and cost indicators.

(2) Sub-Contracting: A prime sponsorship that subcontracts all or almost all of its service delivery tends to set and achieve goals better than a prime sponsorship that retains a considerable portion or all of the system for in-house delivery. A prime sponsorship that relies extensively on sub-contractors for service delivery is also more likely to have good performance in terms of placement rates and costs. If sub-contracting for service delivery is tied to the use of some form of a request-for-proposal this helps increase the perceptions of the actors in the manpower system that the proportion of "rational" decision-making compared to
"political" decision-making is increasing. This perception helps to reduce unfocused conflict within the system.

(3) Planning Data: The use of good data for planning is associated with the making and implementation of conscious choices about what participants to serve.

(4) Monitoring and Evaluation: The existence of high quality monitoring and evaluation of programs has the effect of helping to reduce conflict between prime sponsor staff and subcontractors engaged in service delivery. The reduction of what is often desultory and unfocused conflict is assumed to help increase service delivery success over time. High quality monitoring also helps to lead to good performance as measured by placement rates and cost ratios. It also promotes the implementation of participant priorities.

(5) Openness of the Planning and Decision-Making Processes: Prime sponsorships with relatively open decision-making processes will make more conscious choices about what participants to serve than those with less open decision-making processes. They are also more likely to follow through in serving their target population because they have made a public commitment. The existence of open processes does not reduce conflict but does help to sharpen and focus it on relatively important issues, such as target groups identified for service and the relation of specific deliverers to the achievement of system-wide goals. Focused conflict is related to conscious decisions about total system design. Such decisions presumably will lead to a higher proportion of general goal achievement over time.
(6) Qualifications of CETA Staff: High quality staff is associated with the ability of a prime sponsor to set reachable goals and attain them. High quality staff is also associated with good performance on placement and cost measures.

(7) The Impact of Influential Actors: Actors' preferences about program mix also affected performance indirectly because program mix affected performance directly. The more influential actors (usually professional staff) had their preferences about program mix more nearly satisfied than less influential actors. Influential actors' preferences about who should be served in fact helps to determine who will get served. Staff members are more likely to achieve goals on which they put a higher priority than those on which they put a lower priority. Commitment counts because, in fact, it signifies a willingness on the part of staff to take the necessary steps to make the achievement of the higher priority goals more likely. Staffs with stronger commitments to training programs and placements will be the most likely to have programs that perform better on placement and cost measures. (CETA Prime Sponsor Management Decisions and Program Goal Achievement, 1978, pp. xii-xiv)

Summary

Obviously there are many factors interacting to determine the level of success of the manpower programs which are implemented within a community. It seems evident, however, that the actions of prime sponsor level planners and decision-makers can and do have an impact upon program success. With this in mind, these actors should strive to insure the highest level of achievement possible for programs implemented within their communities.

A good way to start, in attempting to implement an effective overall
manpower program, is to focus upon a planning methodology which can act as a guideline for programmatic decision-making. This planning approach should be tailored to the resources and needs of the jurisdiction in question.
CHAPTER V

A SUGGESTED STRATEGY FOR FUTURE PRIME-SPONSOR

LEVEL PLANNING UNDER THE CETA PROGRAM

Introduction

When reviewing the literature regarding manpower planning both from governmental and non-governmental sources, one would have to conclude that the planning process in this area must be very complex. Like many other planning exercises, the effort can be undertaken to varying degrees of complexity.

After reviewing the various planning models and governmental requirements, some basic planning criteria can be discussed for local manpower planners. In the material which follows, a basic procedure for collecting data, conducting a data analysis, and carrying out an ongoing management and feedback process is proposed. Variations in this method can be proposed. The strategy which is proposed here is intended to be a very basic one and open to modification.

Data collection is a very important part of any planning process. In the case of manpower planning, however, the transformation of this data into programmatic decisions through some analytical process has been the focal point of discussions regarding planning models. For that reason, the procedures which follow are broken down into three
stages: (1) The Pre-Analysis Phase, (2) The Analysis Phase, and (3) The Post-Analysis Phase.

The Pre-Analysis Phase

Project Level Data Collection

For the purposes of this discussion, the lowest level in the chain of CETA operations - the level at which services are provided - will be called the project level. If services are working properly, clients which enter at the project level should receive services and benefit from them before exiting the system. Therefore, the bulk of the data which concern manpower planners should be collected at this point. Requiring that this information be collected at the project level necessitates some briefing of project administrators and staff and the development of consistent and usable forms for data collection.

Such information as the age, sex, race, educational and skill level of clients is vitally useful to manpower planners as a means of determining whether programs are serving the clients which they were intended to serve. This information also makes it possible to determine how well local CETA programs are targeted toward the people who have been identified as the unemployed within the community. Other information which may prove helpful is the level of family income of those being served as well as information concerning whether they have been or are receiving public assistance. In some localities, planners might want to know the area of town in which the client resides in order to place programs in the most convenient locations or to provide for necessary transportation.

Aside from knowing whether a client successfully completed the program to which he or she was assigned, it is important to know whether
the client was able to obtain permanent employment after program comple-
tion. Depending upon the size and type of project, the collection of
this information might be done most easily at the project level. If the
employment status of the client is known at termination this information
could be relayed to a central information point. It might be helpful
to employ certain individuals within the manpower organization to
conduct follow-up in an effort to maintain some consistency in obtaining
this information.

Termination data refers to information concerning why a client
ceases to accept services from a given project. Basically, there are
two types of terminations: positive and negative. Under the category of
positive terminations would fall those people who obtained permanent
employment, enrolled full-time in an academic or vocational school,
entered a branch of the Armed Forces, enrolled in a program not funded
under CETA or left to engage in any other activity that increases employ-
ability. If the client receives a job as a result of the activities of
a CETA program, he or she may be considered a direct or indirect place-
ment depending upon whether or not the client participated first in
CETA training, employment, or supportive services.

The length of client stay in the program provides some insight into
the way a project is operating. By collecting information concerning the
dates of project admission and departure, some perspective is given to
the "cost per client" data which will be formulated. Unexpectedly short
or long involvement in the program by individual clients might signal
problems in project structure which require remedy.

In many cases spending is most appropriately done at the project
level. Information concerning program costs is extremely important to
the manpower planner in determining which projects provide benefits or services to clients at the most efficient cost. If this information is collected accurately, an assessment can be made concerning the probable cost of serving a given number of clients at a future time in similar project alternatives. Cost figures are useful in figuring such measures at "cost per enrollee," "cost per indirect placement," and "cost per placement," as suggested in the U. S. Department of Labor's Research and Development Monograph 56, "CETA Prime Sponsor Management Decisions and Program Goal Achievement." (See Chapter IV)

Monitoring and Evaluation will be discussed in more depth later in this discussion, however, there are some data collection efforts which are best left to outside sources (non-project staff). These outside individuals must be provided with some basic information by the project staff in order to conduct the data collection effort. Two types of data which are appropriately handled in this way are:

(1) Client Feedback: One invaluable source concerning the effectiveness of a given project at meeting the needs of its target group is the clients themselves. By soliciting the input of current and former clients of a program it may be possible to make worthwhile improvements in the program under study. Such interviews or surveys may also provide information on a particularly effective method of project operation which might be replicated in other projects.

(2) Community Responses: Client serving programs generally have contacts with a variety of other programs and agencies within the community. These might include such agencies as the employment service (referring clients), colleges and universities, vocational schools, local business and industry, etc. The rapport which is developed between
individual projects and these vital agencies within the community can spell the difference in success and failure related to their objectives. A periodic survey or sampling of these agencies to determine their feelings concerning the realtionship between themselves and individual projects is an aid to avoiding or remedying problems.

Prime Sponsor Data Collection

Before any effective planning can be done for manpower programs within a community, it is important to know which groups within the local population are in need of manpower services. From a planning perspective, it is best to be able to divide these groups by some characteristics. They can be divided into groups by age, sex, race, skill level, reliance on public assistance, area of residence, or any other similar criteria which might be important within the community. The most logical place to obtain this information would be the most recent publication on characteristics of the unemployed population for the area being studied. This type of information is published by the U. S. Dept. of Labor, the State Employment Service, and the Census Bureau.

If the goal of a local manpower program is to prepare clients for permanent employment within the community, it is necessary to have some understanding concerning the jobs which are currently available and those which are likely to become available in the future. It does not make sense, for instance, to prepare large numbers of people to be welders if there is little in the way of blue collar work opportunity within the community. Skills training or classroom education should be geared to preparing clients to fill genuine employment needs within the area. This
information is also available from a variety of sources including those mentioned above.

There are several key types of budgeting information which a planner would want to have available before undergoing an analysis and developing a schema for manpower services within the community. First, he or she would want to have a basic idea of the allocation which would be made to the community through the CETA program. These dollars are allocated for different purposes and in varying amounts under various titles of the program so these must be delineated for the community. Second, there are other programs of the Federal and State governments which provide fiscal allocations for employment related services within the community. The amounts of these allocations and the probable purposes which they will serve should be taken into account. Third, the locality's need for public service workers must be taken into account along with any plans which the locality may have made to supplement the salaries of workers which they might receive through the manpower program.

The Analysis Phase

Analyzing the Universe of Need

As was mentioned earlier, it is generally helpful to be able to develop some meaningful categories of clients within the Universe of Need data. This is because there is great variety among groups of unemployed people concerning their need for services. For instance, unemployed males between the ages of 16 and 21 have needs for employment/training services which are quite different from those of female heads of households receiving welfare aid. The categorization of persons within the Universe of Need must be done based upon the particular characteristics of the
persons who are unemployed within the community. The categorization which is developed should be pertinent to the admission requirements of projects under the various titles of CETA which operate within the community. For example, if some programs are required to serve only the disadvantaged with family incomes under a specified limit then these boundaries would provide a good starting point for categorization by income.

Much can be learned from viewing the information concerning the existing skills within the unemployed population of the community. If the skills which exist can be matched with needs for skilled workers in the area, the service which is needed may be primarily one of referral. Obvious discrepancies between the types of skills available and those needed would point to a need for retraining and possibly a need for coordination with traditional training agencies to correct the imbalance.

There is a wide variety among the benefits which may accrue to clients of manpower programs. Among these might be such benefits as increased earnings due to additional training, income during training, the completion of a training program itself, reduced reliance on public assistance, placement in permanent employment, work experience, among others. These benefits would obviously vary in importance depending upon the characteristics of the client receiving service. At some point in the analysis of the information on the Universe of Need, a determination must be made concerning which of these benefits would be most valuable to the clients within the community. Since at this early stage data is being assembled for eventual perusal by decision-makers, it is a good idea to develop this particular piece of information in as great depth as is possible.
Current Manpower Program Options

Among the projects which have been providing manpower services in the past within a given community, an effort must be made to determine the type of services which have been provided and the past performance of these projects. In many cases, the lack of adequate and consistent data will make this process difficult if not impossible. Therefore, in the case of first year manpower planning, it may be necessary to base the assessment of a program's performance on a combination of factors including the program's records, the reputation of the project within the community, and any other data which might be available. Effective manpower planning and control over projects during the year should eliminate this problem somewhat in the future.

As was mentioned in the earlier section on program costs, there are a variety of measures which can be used to determine cost factors for various programs. Probably the easiest cost measure of projects is the "cost per client." This figure is determined by dividing total project cost during a given time period by the number of clients enrolled (usually an average) during the period. This gives no indication of program effectiveness. Two other measures which were proposed by Randall Ripley in the Employment and Training Administration's publication CETA Prime Sponsor Management Decisions and Program Goal Achievement were "cost per placement" and "cost per indirect placement." The cost per placement is determined by dividing total project costs by the number of clients who were placed in a job. However, this is not an indication of actual program performance in many cases. This is because many clients do not actually receive any service other than referral from the manpower program. The cost per indirect placement measure is determined by dividing the
number of clients who were placed after receiving CETA services other than assessment and referral by the total accrued expenditures of the program. Used in conjunction with the other measures mentioned here, this measure provides some indication of program effectiveness.

Assessing the effectiveness of the management of current projects is another case in which first year manpower planning efforts would most likely have difficulty. However, this is an important step to accomplish regardless of the age or origin of the projects which are being considered for inclusion in a community's manpower strategy.

The administrators of a manpower project should have some clearly identified goals toward which the activities of the project are directed. Much can be learned by reviewing these goals. The effectiveness of the project at meeting the goals which have been set is a good indication of the project's worth and/or the ability of the management to set reasonable goals. Just because a project has not met its goals, it does not mean that the project is not worthwhile. A reassessment of the project's goals may be in order.

The manner in which the administration of a project is handled is a good indicator of the potential of the project as a manpower service alternative within the community. The type of record-keeping system which is in effect, the consistency of record-keeping, and the development of progress reports by the management are items which should be considered. Other factors such as the quality of the project's staff and the opinions of staff members concerning the management of the project are good indicators of management effectiveness.
Dollar Availability

A good place to start in determining the amount of money that a community will have to work with in the employment area would be with the expected allocation through the CETA program. These allocations are made through eight different program titles, each with its own requirements upon spending. These dollars can be tentatively divided among some broadly defined categories such as administrative vs. client services and public service employment vs. private sector or education/training services.

Aside from the money which is allocated to a community through the CETA program, there are allocations from other programs of the federal government including but not limited to: (a) economic development monies, (b) educational aid, (c) employment service allocations, (d) possible displaced homemaker aid allocations. Coordination with other agencies within the community would help a manpower planner to stretch CETA allocations to the fullest degree possible while obtaining mutual benefit among programs. The local town or city government may have funds set aside for the purpose of supplementing CETA salaries for public service workers. Private business may be willing to provide capital on a matching basis to begin or continue manpower programs within the community.

Decision-Maker Information and Feedback

Although the Decision-Makers within the community will, in most cases, make the final decisions regarding the shape of the area's manpower plan, it is also a good idea to involve them at this stage of the analysis. Knowing the priorities of the decision-makers will aid the planner in coming up with the best possible planning recommendation when
the time for making final decisions arrives.

In order to make a wise recommendation concerning the allocation of monies to various forms of employment/training services, the planner should have some idea how much of the allocations will be necessary, in the opinion of the decision-makers to fund on-going government services. These funds will be limited by the requirements of the various titles of CETA, but there will be some flexibility which will require a decision.

Based upon the employment situation in a given community, there will be a special mix of client groups requiring service. In some cases, there may be many more persons in one group than another. However, the needs of one particular group may seem more pressing to decision-makers than those of other groups. In order to allocate dollars in a way which is acceptable to decision-makers, their preferences concerning who is to be served must be honored. One way to simplify this process for decision-makers is to use a "weighting" schema. This allows decision-makers to say whether they think the needs of one group are one, two, three, or more times more pressing than those of another. Probably the easiest way to do this is to choose the highest or lowest ranked group on their priority list and rank all of the other groups in relationship to this one.

There is obviously more than one way to accomplish prioritization of groups by decision-makers. It is important to decide whether priorities are being discussed in terms of dollars spent or clients served. Since different services have varying costs it may be possible to serve twice as many clients from one group as from another at the same cost. This comparison also works in reverse, however.

It would seem that once the planner knew the number of clients from
each group which should be served (or dollars to be spent per client group), it would be a simple matter to line up projects by the type of service provided and type of client group served - taking the most efficient programs first. Once a project is allocated dollars to cover the cost of servicing its maximum load of clients, the allocation would move down the line to the next most favorably rated program. The question to be answered here is how many programs should be considered for placement on the list of programs to receive allocations. Should there be some basic criterion of effectiveness which must be met by all projects receiving money through the manpower planning process? This is a decision which probably should be made by the decision-makers. Once such a system is in effect the monitors and evaluators within the manpower system would, of course, have the responsibility of checking to see that these standards are upheld or the reasons why they are not are corrected. If, in the judgement of decision-makers, the effectiveness rates of existing projects are too low, there may be a need to solicit proposals from new projects or to expand other more effective programs.

The Allocation Process

At this point in the planning process the planner should know what program options are available or currently operating within the community. The next step would be to determine whether there are adequate programs of the type necessary to meet the needs of the clients as prioritized by the local decision-makers. This might be viewed in terms of "client spaces" within the existing projects.

Based upon a pre-determined set of indicators, the planner should make a judgement regarding which of the project options within the
community are most effective and efficient and rank these options accordingly. There are a variety of indicators which can be used. Aside from the cost indicators which have been discussed here, another set of indicators called Termination Cluster Indicators may be employed. Some of the various measures which fall into this category are "Placement efficiency," "CETA placement rate," "Indirect placement rate," "The entered employment rate," and the "Non-positive termination rate." For a further explanation of these measures, see Chapter IV. In making a decision on a ranking of the project options, the efficiency criterion discussed previously should be employed.

After the planner has developed a breakdown of the projects which are available and meet effectiveness standards, it should be necessary to determine whether new projects will have to be developed to meet the needs of the client population. If new projects are needed, the planner should consider using a "Request For Proposal" process to attract outside service deliverers. According to the Employment and Training Administration's Research and Development Monograph 56, "A prime sponsorship that subcontracts all or almost all of its service delivery tends to set and achieve goals better than a prime sponsorship that retains a considerable portion or all of the system for in-house delivery." Of course, this process can not be undertaken until the local decision-makers have approved a final version of the area's manpower plan.

Armed with all of the data which has been discussed, and having made a judgement considering the best possible plan for manpower services, the planner will be required to solicit approval from local decision-makers. The decision-makers may not agree with some of the recommendations which are being made and this is their right. However, if the planner has a
good data base available for reference, informing the decision-makers concerning the existing situation should improve the chances of developing a good plan.

The data analysis and planner's recommendation must be presented to the decision-makers in a manner which allows them to make an intelligent judgement based upon the facts. The best presentation approach would seem to be a "balance sheet" approach which shows the decision-makers clearly who will receive benefits under the plan and who will not receive benefits. If the decision-makers have chosen to prioritize one group of potential clients over another the presentation should show them a listing of other groups within the universe of need and their status under the plan. Of course, the presentation must include a listing of the projects which are being proposed as possible recipients of funding and the areas where new projects are likely to have to be developed. Eventually, based upon the judgements of the decision-makers, a course of action should be decided.

The Post-Analysis Phase

Implementation

Once a plan is accepted, dollars can be allocated to projects according to the plan. If there is a need for new projects, an RFP process should be implemented and the most promising projects chosen to fill the gaps within the service delivery system (if services can not or will not be provided by the prime sponsor directly). After this process is completed, a full line-up of projects will have been set up.

Program Management

Before a project is implemented, specific goals and objectives should be established. These goals and objectives should provide the
basis for periodic management overview from the planning office. The goals should be developed jointly between the project administrators and planning office personnel to insure that the intentions of decision-makers are being addressed through the operation of the projects.

A service project can only operate efficiently and effectively when there is an orderly flow of potential clients to the project. In order to insure this flow, the staff of the planning office may need to develop a system of coordination between the local public employment agencies and the projects which operate within the community. This will be of vital importance in order to avoid the potential frustration of clients in the referral process.

Reasonable reporting requirements must be established for local projects based upon the requirements of the ETA and the local planning office. Periodic reports concerning the number of clients who are receiving service, termination rates, placement rates, etc. should be submitted. This will allow for early detection and amelioration of problems.

Monitoring of projects should be accomplished by the planning office on a pre-determined schedule. This allows for time when project administrators can discuss problems with the planning staff and first-hand impressions concerning the operation of the project can be obtained. Monitoring should include at least a cursory review of the project's financial matters to insure that procedures are being followed and spending is appropriate and in line with pre-determined guidelines.

Evaluation of projects may be completed on a much less frequent schedule than monitoring. It is most effective after a data base has been established, usually after one full year of project operation or at the
end of a grant period. An evaluation analysis takes a great deal longer and should be in greater depth than a monitoring report. At the time of an evaluation, a sampling of views of significant "others" such as project clients and community agencies should be taken in order to get a clear picture of the project's operating effectiveness. In most cases, a sampling of the project's records should be undertaken to verify the data which is being received on the project's reports and insure the quality of the project's record-keeping system.

Summary

The planning strategy which has been proposed here is a very basic one and can be modified or expanded to meet the needs of particular communities or planning situations. In some cases, limitations upon the size of the manpower planning staff might make some of the data collection tasks described too difficult. However, much of the data which is required under this strategy is either already available through other sources or required under the proposed rules for CETA published by the U. S. Department of Labor.

The process which is described is intended to be an on-going process and would be greatly simplified after the completion of many first-year planning tasks. Training materials regarding the sources of unemployment and labor market data are available through the Employment and Training Administration in Washington, D. C., along with a variety of other helpful materials regarding the different titles of CETA and methods of coordination with other agencies which provide services in the area of employment and training.

Citizen participation was not included as a separate task in the
planning strategy because it is most desirable to encourage and facilitate this participation at all points in the process. However, citizens should be given ample time and aid in understanding the information which is being gathered about their community and should be given the opportunity to comment on this information prior to and during the sessions which are held with decision-makers.

As is the case with most planning efforts, the final design of the plan is left in the hands of decision-makers. However the organization of a meaningful planning strategy, based upon quality inputs, can be a tremendous aid in insuring a plan with the potential for effective implementation.

Conclusions

This analysis has shown that the decisions which are made at the prime sponsor level under the CETA program do have an effect upon the level of program success. The qualifications of the planning staff, the commitment of influential actors, and the design of the planning and management process are important in implementing local CETA programs.

A strategy has been developed which can act as a basic guideline for program planning and implementation under the CETA program. However, it must be noted that this strategy provides more of a "point of departure" or guideline than a blueprint for manpower planners. Many variables could act upon the strategy and make modifications necessary. Such events as the identification of new money sources, changes in CETA guidelines, special requirements upon the use of new funding, major local economic changes, and so forth, could force a total re-evaluation of the output of the planning model. Therefore, the value of the model is that it provides some rational process for approaching the planning problem and organizing
REFERENCES


___, "Trying To Measure Hardship," 113: February 12, 1979, 84.


APPENDIX I

AN EXPLANATION OF THE EIGHT TITLES OF CETA UNDER THE 1978 REAUTHORIZATION

Title I: Administrative Provisions

This title contains the general provisions applicable to the act. It provides an authorization for the programs through FY 1982, except for the three youth programs authorized by Part A of Title IV and the private sector initiatives authorized by Title VII, which are only authorized through FY 1980.

The title directs the Secretary of Labor to establish an Office of Management Assistance to provide management services to prime sponsors. It contains time limitations for participating in programs authorized by the act: (1) No person can participate in the programs for longer than 2-1/2 years within any 5 year period; and (2) No person can participate in public service employment programs for more than 78 weeks in any 5 year period (with a clause providing that no more than 6 months of previous enrollment would be counted toward this limitation for those on-board before Oct. 1, 1978 and a provision for a waiver for on-board enrollees at the discretion of the Secretary if the Secretary determines that a prime sponsor is experiencing extreme hardships in placing PSE enrollees in unsubsidized jobs. The Secretary may grant a similar waiver for new enrollees in areas with 7 percent or more unemployment.
The new title also contains provisions for wages for public service employment. Wages may not exceed $10,000 per year, adjusted upward by the ratio that local wage rates bear to the national average, but not to exceed 20 percent of the maximum (no more than $12,000). Further, average wages in each prime sponsor area may not exceed $7,200, adjusted by the ratio that the local wage bears to the national average.

**Title II: Comprehensive Employment and Training Services**

Programs under this title will include training, upgrading, retraining, education, and other services and counter-structural public service employment needed to enable persons to obtain unsubsidized employment. The title provides that work experience must be designed to lead to unsubsidized employment and limited in duration.

Title II public service employment must be entry level and combined with training and supportive services, if available. Supplementation of wages under this title is specifically prohibited. Participants in training programs and services (except upgrading and retraining) must be economically disadvantaged and either unemployed, underemployed, or in school. Participants in public service employment must be economically disadvantaged and have been unemployed 15 or more weeks or on welfare.

**Title III: Special Federal Responsibilities**

This title contains those special programs for persons who have a particular disadvantage in the labor market, including Native Americans, migrants and other seasonal farmworkers, the handicapped, women, displaced homemakers, public assistance recipients, and other special target groups.

The title authorizes welfare demonstration projects, projects for middle-aged and older workers, and a program for the coordination and
partnership between prime sponsors and state employment security agencies. Voucher demonstration projects are now mandated.

**Title IV: Youth Programs**

This title contains the youth programs, including those enacted in the Youth Employment and Demonstration Projects Act of 1977 (except for the Young Adult Conservation Corps which is still Title VIII), the Job Corps, and the Summer Youth Employment Program. The latter two programs are authorized for four years while the new youth programs are authorized for only two years.

**Title V: National Commission for Employment Policy**

This renames and reconstitutes the National Commission on Manpower Policy. Cabinet participation on the Commission is reduced.

**Title VI: Countercyclical Public Service Employment Program**

Under this title, persons must be unemployed for at least 10 of the last 12 weeks or on welfare, and from a family whose income does not exceed 100 percent of the BLS lower living standard budget in order to be eligible. Further, 50 percent of the funds may only be used for the employment of persons in projects with limited duration (18 months, with a possibility to extend in some circumstances) and all persons employed on non-projects must be employed at entry level positions.

Wage supplementation under this title cannot exceed 10 percent of the total grant to any prime sponsor, except in areas where the average wage is between 125 percent and 150 percent of the national average, in which case supplementation may not exceed 20 percent.
Title VII: Private Sector Opportunities for the Economically Disadvantaged
(See Chapter III)

Title VIII: Young Adult Conservation Corps
(See Title IV: Youth Programs)

Source: U. S. Department of Labor, Employment and Training Administration,
APPENDIX II

Traditional Cost Benefit Analysis

This technique attempts to do basically what the name implies - to weigh the costs of an alternative against the benefits which will be generated. This technique is useful when both costs and benefits can be stated in the same terms (usually in terms of dollars). However, programs in the area of social services almost always seek to generate at least some benefits which might be termed intangible. It might be difficult to categorize these benefits in economic terms. In that case, a technique called "cost effectiveness analysis" is a more useful method. This technique is discussed in further detail in the section which follows.

When costs and benefits are stated in like terms there is a need to decide whether the desired planning output should be in terms of "net benefits" or the "cost-benefit ratio." This is largely determined by the presence or absence of budgetary constraints and the divisibility factor of the alternatives being discussed.

Net benefits are computed by subtracting the costs of an alternative from the benefits to be generated. One might suppose that the net benefit figure should be positive in order for the project to be selected. This is not always the case since providing help to the group which is the potential recipient of the benefit may be perceived as very important. This may justify the high cost of providing the benefit. This phenomenon
will be addressed later in the discussion on "weighting factors."

The cost benefit ratio is computed by dividing the benefits to be generated by the costs of the alternative. In other words, this method is capable of isolating how many dollars of benefit will be generated for each dollar of cost expended. If funding is flexible and the choice of alternatives provides the possibility of choosing all or a portion of the individual alternatives, this technique would provide the optimal answer. This is rarely the case, however, in social service programming.

**Cost Effectiveness Analysis**

This technique is useful in cases where costs and benefits of a particular alternative can not be measured in commensurate terms. The usual case is when costs can be measured in dollars but benefits can not be. In comparing alternatives under this approach, there are several techniques of organizing data. If the costs of two alternatives are similar, then the best choice should be the one with greater benefits. If, on the other hand, the benefits of two alternatives are the same, the one with the lower cost should be selected. In most cases, both costs and benefits will vary so that the relationship between these for each alternative should be evaluated.

The major focal point of cost-effectiveness analysis is its usefulness in insuring that the alternative with a specified minimum level of effectiveness at the least cost will be selected. Since manpower programming alternatives will undoubtedly contain an element of non-economic benefit, this technique is useful to the planning process.

**The Balance Sheet of Development Approach**

This technique is useful in demonstrating the incidence of costs
and benefits generated through an alternative as they relate to different
groups within the community. When using this technique, costs and
benefits can be recorded as monetary, measurable but non-monetary, or
intangible within the same analysis. Each cost and benefit is assigned
to a specific group. The final analysis of costs and benefits provides
insight into the redistributitional aspects of the alternative. In other
words, it should be possible to ascertain which group within the community
will receive the net benefits under each considered alternative.

The Goals Achievement Matrix Approach

This approach goes farther than the "Balance Sheet" approach in
that it considers costs and benefits as they relate to specific goals
or objectives. For each alternative which is considered, an analysis
is made of costs and benefits accruing to various groups and the re-
lationship of each cost and benefit to various goals.

The above approach also provides a method of "relative weighting"
which allows the analyst to value costs or benefits differently as they
relate to different groups. For instance, if it is considered twice as
important for one group to receive help as another, they might receive
a weight of 2 as opposed to a 1 for the other group. In that case, the
same benefit accruing to both groups would be recorded as twice as high
for the favored group. This has the result of increasing the probability
of the selection of the alternative favoring the group with a higher
weighting factor.

Obviously, the data matrix under this approach is relatively
complex, though it provides a great deal of information which is useful
in the decision process.
The Hellerman and Tannen Linear Programming Model

One of the major strong points of this approach is the degree of organization of the decision-making process which is postulated as an input to the planning model. Before implementing the model, the following key decisions must be made: (1) Which groups within the community will receive priority for attention? (2) Which benefits of program participation are considered most desirable for these groups and the public at large? and (3) Which manpower program alternatives are acceptable to decision-makers and the community at large?

A great deal of data is required at the outset in order that the previously mentioned decisions might be made effectively. Some of the information requirements of the model would include:

(1) The delineation of mutually exclusive population groups within the jurisdiction who are in need of employment/training services under the program (including the number of persons represented in each group, the duration or expected duration of their problem(s) given no help, the type of skills possessed by members of each group, and the services which are most likely to solve their problem(s).

(2) The labor market situation within the jurisdiction (including information on the type of skills needed by local industry, projections on employment needs in the short and long range, possible effects of the programs being planned upon the private sector, etc.

(3) The existence of other programs of assistance that might already or may possibly provide potential for aiding some of the above groups.
(4) Information concerning the effect on past program participants of certain types of services (i.e., whether people from a given group benefit more from completion of skills training or immediate job placement, etc.).

Once planners and decision-makers have considered this information and made choices concerning the direction of their local manpower program, the following additional data is required for application of the model:

(1) The number and types of manpower program alternatives available within the community.

(2) The fixed and variable costs associated with each of these programs (Cost per client).

(3) The eligibility of groups under the specific categories of manpower funding to be considered.

(4) The per client amount of benefit (by benefit category) resulting from placement of clients in each program.

(5) The prime sponsor's available budget for client expenditures.

Due to the potentially large number of client groups, benefits, and program alternatives to be considered, Hellerman and Tannen propose the use of a standard linear programming package using a computer to process the information.

In order to understand the use of the model, one should be basically familiar with the linear programming technique. The technique is useful when there is a desire to maximize or minimize certain goals. In other words, one might want to maximize certain program benefits subject to the costs of producing those benefits. This is accomplished through a process of mathematical manipulation. The limited number of
resources available to produce desired benefits are called constraints.

An example makes this process clearer. If a program has only a given number of man-hours of labor available to it and also a specified number of dollars, these are constraints. If it takes a specified number of man-hours and dollars to create a unit of desired benefit, linear programming is designed to specify how many units of benefit can be produced by the program and how many resources will be left over.

After introducing all of the data requirements discussed above into the linear programming problem, the Hellerman and Tannen model is said to produce information on: (1) the optimal number of clients from a given population group to be placed in a selected manpower program alternative, (2) The amount of money which should be spent on each client group in each program, (3) Those groups which would be excluded from an "optimal" selection of existing programs, and therefore, (4) The need for programs in the future to meet the needs of excluded groups more efficiently.

Though the Hellerman and Tannen model provides a great deal of insight into the manpower planning process, it has definite limitations as a lone planning strategy. The major limitation of the model lies in its use of weighting factors as discussed earlier. By attaching greater performance to the needs of certain groups, the outcome of the model is pre-determined. Since this is true, the model merely becomes an aid for speedy data analysis. Most of the decisions which are the result of planning must be made before the actual computer model is implemented.
VITA

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