

SUMMARY OF TESTIMONY ON S. 2069
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Preliminary results from two ongoing GAO studies on (1) youth employment competency systems and (2) the adequacy of the Department of Labor's data collection system are relevant to two provisions of S. 2069. These provisions require Labor to establish performance standards for the attainment of youth employment competencies and postprogram employment and earnings of adults. GAO's results highlight three specific concerns.

First, Labor's data collection system has two serious limitations that raise questions about its adequacy as a basis for establishing performance standards and supporting congressional oversight: (1) broad definitions of terms reduce the comparability of information among states and local areas and (2) key data elements needed for congressional oversight are not available. Labor is proposing some improvements to its data system, but certain important problems will still remain.

Second, Labor's proposed collection of postprogram data on adults' earnings and employment would provide information to allow Labor to add an adult performance measure that focuses on longer-term results, which GAO endorses. GAO believes consideration should also be given to collecting employment follow-up information for older youths, whose employment success should also be encouraged.

Third, a performance standard for youth employment competencies could provide a useful measure of program success, but the data Labor is proposing to collect on youth competency attainment will not be adequate to set that standard. The youth competency systems being implemented by the local job training agencies vary widely, as do their definitions of what a youth must achieve to be reported as a positive termination. This lack of comparability across locations could also impact on the appropriateness of distributing incentive awards based on youth competency attainments. Labor needs to provide more detailed definitions of an acceptable competency system and positive youth competency terminations.



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STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES
ON
THE JOB TRAINING PARTNERSHIP ACT
PERFORMANCE STANDARDS AND INFORMATION SYSTEMS

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to assist you in your deliberations on Senate bill 2069 (The Job Training Partnership Act Amendments of 1986), which would make a variety of changes in the Job Training Partnership Act (JTPA). My testimony will focus on potential implementation problems related to two provisions in the bill which would require the Department of Labor to expeditiously establish performance standards for

- the attainment of youth employment competencies and
- the longer term (postprogram) success of participants in the labor market

GAO concurs with the need for postprogram standards and the desirability of youth competency standards. If passed and properly implemented, these two provisions of S. 2069 could provide improved measures of program success and would encourage local and state administrators to continue to emphasize tangible results under JTPA. I will also make some observations concerning

the adequacy of Labor's management information system in congressional oversight, because the success of these performance standards depend upon the availability of reliable and comparable program data.

My statement today is based on preliminary results from two ongoing GAO studies of (1) the youth employment competency systems established by local JTPA service delivery areas (SDAs) and (2) the Department of Labor's data collection system and its utility in congressional oversight. I would like to make three major points which will then be discussed in greater detail:

--Our recent work on Labor's data collection system raises questions about its adequacy as a basis for establishing performance standards and supporting congressional oversight. The lack of comparability of information among states and localities is a recurring problem in analyzing program results caused by the use of very broad data element definitions. Another problem is that certain information important to oversight is not available, such as the amount of training provided to important subgroups of participants. Labor is proposing some significant improvements to its system, which we support, but these particular problems will remain.

--Labor's proposed collection of employment follow-up data on adults will allow it to successfully add the postprogram performance measure required under section 2(b), providing a positive focus on longer-term employment results in addition to the present job placement standard. Labor does not plan

however to collect this information on employment status and wages for youths age 18 to 21, which would also be useful in understanding program success.

--The performance standard on youth employment competencies required by section 2(a) may not, however, provide an accurate measure of program success. This is because labor's data collection proposal does not adequately define either a youth competency system or successful attainment of youth competencies, thus failing to assure that programs aim at making youths job ready. Labor could solve this problem by providing more detailed definitions of (1) an acceptable competency system and (2) a positive youth competency termination.

Section 2(a) and (b) of S. 2069 requires that the two new performance standards be established by July 1, 1986. We support establishment of these as soon as possible; however, if, as planned, Labor uses the same methodology that it used to set the existing performance standards, then Labor would not be able to implement standards until 1988 when the needed data becomes available. The present standards are based on JTPA program data reported by all SDAs during program year 1984. To establish new standards more quickly, an alternative methodology or another data base (such as the CETA data) would have to be used. The standards could then be revised in program year 1988 on the basis of actual experience under JTPA.

BACKGROUND ON PERFORMANCE STANDARDS
AND LABOR'S DATA COLLECTION SYSTEM

The basic measures of performance under current JTPA legislation are increases in employment and earnings and reduction in welfare dependency. To determine if these objectives have been met, the act provides the Secretary of Labor with wide latitude to set performance standards for adult and youth programs and to specify outcomes such as job placement, as well as longer-term outcomes that relate to increased employment and earnings and decreased welfare dependency. The act also permits the states to adjust performance standards to take into consideration local economic, geographic, and demographic factors. JTPA also directs Labor to provide program oversight, to evaluate program effectiveness, and to report annually to the Congress on JTPA's achievements. Labor is authorized to direct the states to maintain and report such information as it requires to carry out these responsibilities. To date, Labor has established performance standards for measuring immediate participant outcomes, but has not established standards for measuring longer-term outcomes because OMB disapproved the collection of data needed to set such standards.

In addition to job placement, another outcome available under the original JTPA legislation is the attainment of youth employment competencies which, the private industry council (PIC) believes, would improve the employability of youth. The concept of competency-based employment training involves identifying the skills that are needed to be successful in the local labor market,

then determining which of those skills each participant needs training in, and then measuring each individual's attainment of those skills during training. Such a training system may include not only training in occupational skills, but also in basic education skills and the skills needed to search for a job and enter the labor market.

JTPA performance data is collected through two annual reports. One report provides Labor with statewide summary data on the number of participants and program expenditures. Another report, the JTPA annual status report, which is submitted by all SDAs through their state agencies, provides cumulative data on all participants and terminees, the socio-economic characteristics of terminees, and program performance in relation to performance standards. The purpose of the status report has been to (1) allow Labor to develop national performance standards for measuring immediate program outcomes, (2) provide the states with the information to adjust the standards based on local factors, and (3) provide governors with a basis for measuring performance. When the program began in 1983, Labor proposed collecting data on participant's postprogram employment and wages and the attainment of youth employment competencies in order to set performance standards but subsequently abandoned this effort because OMB would not support it.

Labor also develops a quarterly "quick turnaround" report to supplement its annual status report. This report provides descriptive statistics on a sample of enrollees and terminees from 194 of the 594 SDAs nationwide. Labor also attempts to obtain

information on youth competency systems through this data collection effort; however, such information is not always available because SDA's are not required to keep it.

Labor has recently developed an alternative data collection plan which would modify and expand the information provided by states and localities. The plan which was forwarded to OMB on January 10, 1986, would include data on post program employment experience on adults and competency attainment on youth.

LIMITATIONS OF LABOR'S DATA COLLECTION

Labor's current data collection system has two limitations which will not be alleviated by proposed revisions to the annual status report.

- The definitions provided for most data items lack specificity thus reducing comparability from place to place, and youth competency outcomes are undefined.
- The system does not provide some program information important for congressional oversight.

Definition of data items collected

Although each of Labor's data collection reports has certain limitations, one problem common to all the methods--the broad nature of data element definitions--will impact on the implementation of youth competency performance standards. Labor has provided a glossary of definitions, but terms are broadly defined and allow the states significant discretion in determining what is to be covered by a particular term. For example, Labor's definition of "program termination," the date the participant leaves the program, allows some localities to

define termination as the end of training while others retain individuals as participants for up to 90 days after completion of training or services, thus increasing their opportunity to be placed in a job and to be counted as a positive termination.

Labor's recent reporting proposal would modify its existing data collection system and expand it to include data on youth competency attainment and postprogram employment status and earnings of adults. Adding post program information would help interpret the significance of some of the termination data. However, not only would some definitional problems in the current system remain, but collecting data on youth competency attainment would increase the definitional problems.

Competency attainment differs from the other outcome measures specified in the original act in one very important way. With other measures, such as employment or earnings, the act specifies the desired outcome but leaves to local agencies, within certain broad guidelines, the process they will use to achieve the outcome. With youth employment competencies, however, local programs also define the desired outcome (the competencies themselves and the criteria for attainment), as well as the process they will use. Thus, success in the program can be defined in ways that differ markedly from one location to another.

Lack of oversight information

Information not sufficiently available for congressional oversight which we consider to be very important is that which allows the matching of participants to specific training and successes--that is, we cannot adequately answer the question "what

services are being provided to which participants and with what outcomes?" As we have noted in earlier testimony¹, there are significant problems with Labor's ability to provide such information. For example, description of the kind of training that is provided comes only from a national sample of SDAs, so there is no way to compare programs across SDAs or across states. If some SDAs show more successful outcomes than others, there is no reporting mechanism that can relate the success to activities that might be transferable to other programs. Nor can specific training provided in an SDA be related to the characteristics of those receiving that training. Also, the number of hours actually spent in training, which is one important measure of the extent to which valuable services are received is not available. For example, with the proposed reporting revisions we will not know whether attaining a particular youth employment competency generally takes 2 hours or 200.

POSTPROGRAM EMPLOYMENT PERFORMANCE STANDARDS

The JTPA legislation requires that the Secretary of Labor develop performance standards that contain "reasonable indicators" of earnings and cash welfare payment reductions at some time after program termination. At present, however, performance standards apply only to the employment status of adults and youths at the time of termination and not their longer term success in the labor

¹Statements of Richard L. Fogel, Director and William J. Gainer, Associate Director, Human Resources Division, Before the Subcommittee on Employment Opportunities, House Committee on Education and Labor, May 2, 1985, and November 8, 1985, respectively.

market. Section 2(b) of S.2069 would require Labor to establish performance standards for measuring long-term outcomes for adults starting July 1, 1986.

Proposed additional reporting

Labor has proposed to begin collecting information in its annual status report for program year 1986 (July 1, 1986 - June 30, 1987) that would allow it to set standards for postprogram employment experience of adults. Given the current schedule (for collection and availability) these data could be used to set experience-based standards for program year 1988. Labor does not plan to collect these data for youth.

Revisions to the annual status report, currently under review by OMB, would require SDAs to follow up through participant contact with adults 13 weeks after termination. This follow-up would produce information on (1) employment rates, (2) average weekly earnings, and (3) average number of weeks worked. These data would come from all adult terminees or where the number of terminees in an SDA was large from a representative sample.

Observations About Reporting Proposals

We believe this additional information will be valuable in several ways:

- It will provide the data base necessary to set postprogram performance standards.
- It will provide much-needed information such as whether the employment rates reported at termination are being maintained for at least 13 weeks after termination.

With the current definitions of "entered employment," SDAs can be reporting very different outcome--entered employment can mean being on a job for one day or for a much longer period. Once the follow-up data are required in the annual status report, Labor would have the option of adding these items to the quick turnaround survey, which is drawn from the same administrative files. The quick turnaround report is Labor's only current source of data on individual enrollees and terminees, and individual data are necessary for analysis of characteristics of participants in relation to services provided and program outcomes.

I would also like to bring to your attention what we consider to be an important omission from Labor's proposal--the department is not planning to collect employment follow-up data for youths. Such information on employment and earnings would be of value for older youths (those 18-21 years old). Labor explains this decision by citing the fact that youth are typically less stable in their employment and that their employment status alone might be an unreliable measure of the value of the program.

YOUTH EMPLOYMENT COMPETENCY STANDARDS

In addition to job placement, JTPA specifies several other outcomes for evaluating youth program performance. One of these outcomes is the attainment of youth employment competencies which the local private industry council believes would improve the employability of youth. Section 2(a) would require Labor to establish performance standards for youth competencies beginning July 1, 1986. As mentioned earlier, Labor has not collected data

needed to establish such a youth competency standard, but has proposed a data collection requirement which (given the current schedule and methodology), would permit it to create such a standard for program year 1988. But as noted earlier Labor's proposal would not overcome definitional problems which may significantly limit the utility of the standard. With regard to youth competencies:

- there are two basic definitional problems with the competency data Labor proposes to collect,
- these problems may negatively impact the JTPA incentive awards system, and
- the solution to the problem and would require action by both Labor and the states.

Two definitional problems

Labor has classified youth competencies into three major skill areas: (1) preemployment and work maturity skills (includes knowledge of the labor market and occupations, career planning, job search techniques, and positive work habits and behavior); (2) basic education skills (including reading comprehension, math, writing, speaking, and the capacity to use these in the workplace); and (3) job specific skills (proficiency in performing actual tasks and technical functions required in certain occupations).

The majority of SDAs nationwide have implemented or plan to implement a youth competency system. In response to an initial screening of all SDAs in the 50 states and the District of Columbia in April 1985, 389 indicated they had implemented such

a system and another 143 were developing a system at the time. These systems may be very important in developing a capability to serve youth; however, our detailed survey of a sample of SDAs and in-depth studies of eight others illustrate potential problems with proposed performance standards.

First, because Labor has not defined what an acceptable competency system is, there are great variations among the SDAs in the types of systems they are establishing, and this can result in a wide disparity in the amount of training which youths, even those with very similar needs, might receive. The act provides SDAs with wide latitude in setting up competency systems. For example, out of 81 SDAs which responded to our detailed questionnaire, 40 percent provided training only in preemployment/work maturity competencies. Only 21 provided training in all three competency areas. Typically, the amount of training provided also differed. The total time required to provide a youth with preemployment competencies is often in the range of 20 to 40 hours of classroom training, whereas several hundred hours are needed to provide job-specific skills. Thus, two SDAs with the same percent of positive terminations (based on youth competencies) could be providing very different training.

The second definitional problem would exist even if all SDAs offered training in the same competency areas, because in the absence of guidance SDAs have adopted widely varying definitions of what constitutes a positive termination. Some SDAs impose stringent criteria on themselves, while others design programs

making it easier for a youth to be counted as a positive termination.

One SDA we visited provided only preemployment competency training. This SDA's private industry council approved 24 requirements, and a youth had to meet at least 22 to be considered a positive termination. This took about 40 hours of classroom training. By contrast, another SDA we studied which also offered only preemployment competency training had 15 requirements, but required that only one be met to be counted as a positive termination. Meeting one requirement could take as little as 3-4 hours of training.

Even where training in more than one of the three major competency areas is provided, there is a great variation in what constitutes a positive termination. For example, one SDA which provided both preemployment and job-specific skills he would not report a positive termination based only on the attainment of preemployment competencies. A youth was required to attain both to be reported as successful. At the other extreme, in another SDA, where preemployment and job specific skills were offered, preemployment training involved about 2 hours, (including interest and aptitude testing, counseling, and information on how to search for a job and identification of sources of training and education). After completing this 2 hour session, each youth was asked to identify his or her areas of highest vocational interest and aptitude. After this, a youth could fail to return for any additional training but still be reported as a positive termination.

In our view, these examples indicate a need for Labor to provide better definitions of the level of competency attainment that should be required to justify a positive termination. We recognize that local private industry council autonomy in designing training programs is fundamental to JTPA, but the definition of adequate performance should be defined at the federal level on this performance measure as it has been for other measures such as job placement.

Implications for incentive awards

JTPA provides an incentive for SDAs to perform well. Six percent of title II-A funds provided to each state are to be used, in part, to award incentive grants to SDAs which exceed performance standards. In making awards, states must consider all performance standards established by Labor. As a result, it is in each SDA's self-interest to produce the best possible results on each performance standard.

With youth employment competencies SDAs are allowed to provide their own definition of good performance, and there is a risk that an SDA might choose to use criteria that make it relatively easy to report positive terminations for youth. If this occurs, it could result in providing incentives which work counter to legislative intent. Thus, if SDAs which have imposed more stringent success criteria develop the perception that they are losing incentive award money to others with less stringent criteria, they might simply lower their own criteria to compete for incentives. Thus, their performance statistics could show an improvement, when, in fact, nothing had changed but the criteria for measuring success.

Possible solutions

To date, Labor has not defined explicitly what constitutes an acceptable youth employment competency system, other than to define the three major skill areas which a system might include. However, in proposing to collect data on competency attainment, Labor has specified that competency gains must be achieved through program participation and must come from a system that includes

"quantifiable learning objectives, related curricula/training modules, pre- and post-assessment, employability planning, documentation, and certification."

Beyond defining the three skill areas in general terms, no other requirements are placed on what constitutes either a youth competency system or competency attainment under such systems. Labor could take two actions to solve the problem.

First, it could provide a more detailed definition of an acceptable youth employment competency system. A system that provides only preemployment or work maturity training for youths lacking other employment competencies may be of limited value for many participants. The basic education and/or job-specific competency areas could be included as mandatory to an acceptable system. Requiring their inclusion would reinforce the goal of helping youths become job ready as opposed to merely providing them with some of the skills they need.

Second, Labor could define, at least in general terms, an acceptable level of training to justify a positive termination. That is, once an acceptable competency system is in place, a guideline is needed to define an acceptable outcome in terms of

the type and extent of training needed to claim a positive termination and insures that it results in some significant value to the participant.

Third, Labor could have the three competencies reported separately for performance measurement and set different numerical standards for each system. For example, the standard for the preemployment/work maturity competency would be set at a much higher level than the standard for basic educational skills.

To Labor's credit, it plans to require that youth employment competency systems include both the preemployment/work maturity and basic education competency areas starting in program year 1988. Labor has also published a technical assistance guide on competency based systems which it is distributing to all SDAs and state agencies. These are positive steps but they are not in our judgement likely to overcome the problems discussed earlier.

Regardless of the actions Labor takes, the states will still play an important role in assuring that these performance standards are properly implemented.

Mr. Chairman, this completes my prepared remarks. My colleagues and I will be happy to answer any questions you may have.