

served due to the additional costs of instruction and the longer period of participation that may be required for effective training. Further, greater emphasis on training might be obtained by changing certain existing program requirements rather than by adding more. In particular, more emphasis on long-term earnings gains rather than costs per placement in the performance standards used by the Department of Labor might encourage prime sponsors to implement programs with higher, but more distant, gains in employability. In addition, more OJT programs might result if the regulations governing training contracts with private employers were modified.

Greater incentives for training by private employers might induce more private-sector participation in employment and training efforts. Current CETA regulations that circumscribe the conditions under which payments to employers organized for profit can be made make it difficult for prime sponsors to implement OJT programs. Under current regulations, private employers running OJT programs under contract with a CETA prime sponsor are typically reimbursed for 50 percent of wages paid to trainees, plus any extraordinary costs associated with the program. This rate of subsidy may not be adequate to compensate employers for the costs of hiring and training disadvantaged youths.<sup>13</sup> In addition, it is believed that a substantial part of employer reluctance to contract with CETA prime sponsors for OJT programs is because employers running such programs are generally expected to retain the participants in unsubsidized employment once the training period is over, even if some trainees prove to be unsuitable. Prime sponsors could be authorized to provide full wage subsidies to employers providing suitable employment and training for disadvantaged youths during an initial trial period in which the

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13. YIEPP results indicate that the proportion of private-sector employers willing to hire disadvantaged youths was 5 percent when offered a 50 percent wage subsidy; 10 percent in response to a 75 percent wage subsidy; and 18 percent when a 100 percent wage subsidy was offered. See Ball and Wolfhagen, The Participation of Private Business, p. xvi.

employer is free to weed out unsuitable trainees.<sup>14</sup> Proponents argue that on-the-job-training has proved to be more successful than classroom instruction at improving employability, and that OJT should take place in the private sector to the greatest extent possible since that is where most jobs are. On the other hand, it may be difficult to ensure that suitable training opportunities are provided by private employers. Further, some part of the employment subsidy is certain to result in windfall benefits to employers--providing compensation beyond that necessary to pay for the extra costs of hiring disadvantaged workers. Such windfalls could be reduced only by stringent restrictions on recipients of employment subsidies, such as exist in current CETA regulations.

Less emphasis on income transfers could both reduce program costs and improve program effectiveness. CETA participants typically receive at least the minimum wage for all hours of participation in either training or employment programs.<sup>15</sup> All of it is income transfer for those in classroom programs, and some of it is income transfer for those in public employment and OJT programs. More persons could receive work or training if wages and allowances were reduced. Modification of the pay structure from the current uniform hourly rate for all participants could permit a reward structure with incentives for good performance and individual development. Further, low (or zero) initial allowances would help to ensure that program participants were motivated, since those with little interest in training would not be attracted. On the other hand, some enrollees could not afford to participate if allowances were reduced, although this problem could be reduced by registering participants for welfare benefits

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14. Another way to increase training by private employers that has been suggested is to impose an additional payroll tax, whose revenues would be reserved for training activities. Employers who implemented suitable training programs would be eligible for a refund of some or all of their payroll tax, while the revenues collected from employers who did not implement training programs could be used to fund public training programs. See Taggart, A Fisherman's Guide, p. 343.
  15. The Job Corps is an exception. In addition to room and board, Job Corps participants receive a stipend of \$40 a month at entry. The stipend increases to as much as \$100 a month for participants who remain for six months or more. A readjustment allowance, based on duration of stay, is paid upon termination.

to which they are entitled. For those in work experience or OJT programs, reduced allowances may conflict with minimum wage laws, although some flexibility is permitted under the Fair Labor Standards Act through the learner's differential.

Targeting funds on distressed areas could result in more effective use of CETA funding, especially if further budget reductions are necessary. Currently, CETA funds are allocated by formula among prime sponsors on the basis of their share of the poor and unemployed in the population, with no matching requirement and no minimum grant. Funds could instead be allocated only to prime sponsors in distressed areas--areas with some minimum specified incidence of poverty or long-term unemployment.<sup>16</sup> In a period of severe budgetary constraint, this could help to assure that CETA resources are adequate to implement effective programs in areas of greatest need. Although employment and training programs in areas no longer receiving CETA funds would be cut back, such services would be less essential in those areas. On the other hand, targeting funds only on distressed areas could penalize those areas that were dealing successfully with economic distress through their own efforts. Further, it may be futile to implement training programs in areas of high unemployment unless they are accompanied by efforts to encourage trainees to relocate.

Allocate CETA Funds to a Single State Agent. Instead of distributing funds to local prime sponsors directly, federal funds for employment and training could be allocated to a single agent in each state, which would be responsible for distribution of funds within the state. CETA currently mandates a state-level policy advisory board, called the State Employment and Training Council, which could be the designated agent.

This option could reduce the federal administrative burden, by transferring it to the states. It might result in better coordination among employment and training programs available within a state, if the state agents took an active role in the definition of recipient units within the state. Further, it might improve coordination with the vocational education system and with the state Employment Service, which are also local activities with oversight by a single state agent.

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16. Senator Dole's Private Sector Opportunities Act (S. 1797)--introduced in the first session of the 97th Congress--would target CETA Title VII funds only on distressed areas.

On the other hand, delegation of responsibility to state agents would reduce the ability of the federal government to ensure that funds are used for the furtherance of specific national goals. Opponents argue that states tend to be less responsive than the federal government to the needs of disadvantaged groups in the population. It might be necessary to impose targeting requirements on the states, and to monitor their performance in meeting these requirements, in order to ensure that federal funds are used as the Congress intended. But this, in turn, would reduce the administrative gains to be expected from delegation of responsibility to the states, and could result in simply adding another costly administrative layer between the federal government and the local agents who implement the program.

Absorb CETA Programs into the Vocational Education System. This redirection of CETA funds would represent a substantial increase in the federal contribution to vocational education. At current funding levels, the federal contribution for the 1981-1982 school year under the VEA would increase from \$674 million to nearly \$3 billion if all CETA funds except those for the Job Corps and for Title III national programs were redirected. Such a massive increase in federal funding for vocational education would require a lengthy phase-in period to permit an orderly expansion. If funds available for employment and training under CETA are cut substantially more, however, this option may be feasible where continuation of the current prime sponsor system is not.

This option would eliminate problems of coordination and duplication between CETA prime sponsors and state vocational education agencies, but would probably require substantial negotiation with the agencies to establish a framework acceptable to them that would address the education and employment problems of disadvantaged youths and adults. This would represent a major new responsibility for the vocational education system, and the mandate would have to be articulated clearly in the authorizing legislation in order to ensure that funds were targeted on the economically disadvantaged.

There would be difficulties, however, in moving the vocational education system toward services for the disadvantaged. The vocational education system currently serves persons who are not generally disadvantaged. Low-income central city areas are underserved. Services in remedial education and services for school dropouts are not well developed. Further, vocational education programs at the secondary level have not been found to be very effective at improving employability for youths without

serious disadvantages, so that there is little basis for confidence that they would be effective for disadvantaged participants.

Offer A Coordinated Combination of Services through Secondary Education and Federal Training Programs. Employment and training services for youths could be offered through a combination of CETA and in-school programs. The Job Corps could continue to serve severely disadvantaged out-of-school youths. Less disadvantaged youths who have already graduated from high school could continue to be served in adult programs. All remaining funds for youth employment programs could be used to provide part-time jobs to potential high school dropouts who agree to remain in or return to school--following the YIEPP model. Additional funds could be provided to the schools for compensatory education for those youths who are performing below grade level.

This option would permit current work experience programs for youths under Title IV-A and Title IV-C to be used more effectively, as a reward for continued education. The increase in literacy that should result could improve future labor market prospects for participants. The cost per service year for the employment part of this program should not differ substantially from the cost of current Title IV-A programs--less than \$5,000--so that approximately the same number of youths could be served. The additional costs for compensatory education programs in the high schools might be funded by redirecting current expenditures under the VEA for this purpose.<sup>17</sup>

On the other hand, although the YIEPP model may result in appreciable gains in future employability for some disadvantaged youths, at half the cost of training in a residential Job Corps center, there is no assurance of this as yet.<sup>18</sup> Remedial education and workplace training may be only a part of the required elements for a program that is successful at enhancing future employability. The residential nature of the Job Corps may be an important component, for two reasons. First, youths who move to residential centers are placed in a different environment, one that perhaps provides more discipline than they would get at

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17. See the next section for a discussion of this option for vocational education funds.

18. The YIEPP demonstration sites ceased operations in August 1980. Evaluation of the program's long-term effects on employability have not yet been completed.

home. Second, temporary relocation to a residential Job Corps center apparently fosters permanent relocation out of depressed inner city areas since Job Corps participants are twice as likely as other disadvantaged youths to move from their home city for job-related reasons.<sup>19</sup>

#### VOCATIONAL EDUCATION

Vocational education--instruction in occupational knowledge and skills--has developed as an integral part of the public school system and, like the school system, it attempts to serve the needs of all persons in the community. The federal role in vocational education began in 1917 with the Smith-Hughes Act, but is currently authorized through the Vocational Education Act (VEA) of 1963 and subsequent amendments.

Federal legislation since 1963 has attempted to induce states to emphasize more the needs of selected disadvantaged groups, with some success, but the ability of the federal government to affect the distribution of vocational education services is dropping as the federal share of total expenditures for vocational education declines.<sup>20</sup> Although the funding provided by the federal government has risen over the years, state and local funding has increased even more so that the federal share of total funding for vocational education under the VEA has fallen from 36 percent in 1917 to 22 percent in 1962 and to less than 10 percent cur-

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19. Taggart, A Fisherman's Guide, p. 300.

20. The Vocational Education Act of 1963 established two service priorities: First, vocational education was to serve the needs of all persons in the community and, second, attention was to be directed to those who could not succeed in a regular vocational program because of academic or economic handicaps. The 1968 VEA amendments strengthened the second priority by mandating that 15 percent of federal vocational education funds be spent on meeting the needs of disadvantaged persons, but again the definition was tied to the inability to succeed in mainstream vocational education programs and not to economic characteristics per se. Later amendments included new targeting provisions for the handicapped and disadvantaged as well as sex equity requirements, but the definition of disadvantaged was unchanged from earlier legislation.

rently.<sup>21</sup> Additional federal support for vocational education occurs through CETA programs and, at the postsecondary level, through grants to individuals such as the Pell Grants.<sup>22</sup>

Programs under the VEA are forward-funded, meaning that funds that are to be used for program operations in one fiscal year are appropriated in the previous fiscal year. The amount appropriated in fiscal year 1981 for use in the 1981-1982 school year was \$674 million; the fiscal year 1982 appropriation for use in the 1982-1983 school year is \$646 million. These funds are distributed among the states largely on the basis of population, with relatively greater weight given to the secondary school population.

More than 50 percent of federal funds distributed for use in the 1982-1983 school year are basic grants available for virtually any use state and local vocational educators choose. Remaining funds are allocated to special-purpose programs of national interest. Less than 30 percent of federal funds distributed are legislatively targeted for disadvantaged or handicapped participants.

While there were approximately 17 million enrollees in vocational education courses in 1978, fewer than 7 million were in occupational programs of study. The others were enrolled in one or a few unrelated vocational education courses--such as home economics or shop.<sup>23</sup> Approximately 60 percent of all enrollments

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21. Mark Wolfe, "The Vocational Education Act of 1963 As Amended: A Background Paper," Congressional Research Service (April 1979), p. 4; and Mary A. Golladay and Rolf M. Wulfsberg, The Condition of Vocational Education (National Center for Education Statistics, July 1981), p. 129.
  22. Pell grants are provided to low-income applicants to cover part of their expenses for postsecondary education or training.
  23. National Commission for Employment Policy, The Federal Role in Vocational Education (September 1981), p. 2; The Vocational Education Study: The Final Report (National Institute of Education, 1981).

were in the high schools, 14 percent were in postsecondary institutions (primarily junior colleges), and 26 percent were in adult continuing education.<sup>24</sup>

Vocational education has been of some limited benefit to individual participants, although more so at the postsecondary than the high school level.<sup>25</sup> There is little evidence of positive labor market effects for men from vocational education at the high school level. Neither is there evidence that men in vocational education programs are less likely to drop out of high school than comparable students in the general curriculum. The results are the same for women, except for those in the business and office part of the vocational education curriculum. Women in office skills courses appear to be more likely to finish high school and to have higher initial earnings than their counterparts in other vocational education programs or in the general curriculum. The initial advantage for women in office skills programs, however, dissipates over time relative to women in the general curriculum. In contrast, postsecondary vocational education appears to be positively related to later earnings for both men and women, with the payoff somewhat larger for nonwhites than for whites. Postsecondary students may be better able to take advantage of specific skill training because they are older and more likely to have family responsibilities, to have acquired basic skills, and to have thought seriously about career options.

#### Vocational Education Options

The options discussed here would redirect federal expenditures for vocational education toward the economically disadvantaged. Options for vocational education at the secondary level are treated separately from those for postsecondary education.

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24. National Commission for Employment Policy, Expanding Employment Opportunities, p. 110.
  25. See National Commission for Employment Policy, The Federal Role in Vocational Education; National Institute of Education, The Vocational Education Study: The Final Report (September 1981); and National Center for Research in Vocational Education, The Effects of Participating in Vocational Education: Summary of Studies Reported Since 1968 (May 1980).

Rely on Grants to Individuals for Postsecondary Education.

At the postsecondary level, greater targeting of funds on the disadvantaged might be accomplished by eliminating grants to postsecondary institutions through the VEA, and relying solely on grants to low-income students--such as the Pell grants--or on federally-guaranteed student loans. This could enable disadvantaged students at the postsecondary level to choose for themselves the approach most likely to improve their employment prospects. Since Pell grants and guaranteed student loans can be used for education or vocational training at both public and private postsecondary institutions, assisted students would not be limited in their choice of career path. Further, they could choose to obtain their training from those institutions with the most successful programs. On the other hand, some postsecondary institutions currently receiving funds under the VEA might have to curtail their programs if this option was implemented. The elimination of VEA funds for postsecondary institutions is unlikely to pose a serious problem for them, however, since federal expenditures under the VEA are such a small proportion of total expenditures for vocational education. Less than a quarter of the VEA funds go to postsecondary institutions currently, while federal support through Pell grants and guaranteed student loans is more than six times as large.<sup>26</sup>

At the secondary level, a number of options are discussed, including:

- o Modify the distribution formula for vocational education grants;
- o Reallocate vocational education funds to compensatory education; or
- o Absorb federal vocational education programs into youth employment programs.

In the discussion of these options that follows, emphasis is placed on the provision of compensatory education, since improve-

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26. Estimates for fiscal year 1979, from Stuart Rosenfeld, National Institute of Education.

ment in basic academic skills is the first necessity for most disadvantaged youths.<sup>27</sup>

Even for the majority of youths who do not lack basic academic skills, however, the specific skill training that is the mainstay of vocational education programs may be less useful, at the high school level, than more general education concerning possible career options, training in effective job-search techniques, and placement services. Options for redirecting vocational education expenditures for these purposes are discussed later, in Chapter VI.

Modify the Distribution Formulas for Vocational Education Grants to Secondary Institutions. All federal funds for vocational education could be distributed, by formula, to local school districts with high concentrations of students from poor families.<sup>28</sup> If the distribution formula was well targeted, this could result in a nearly three fold increase in federal expenditures for the disadvantaged at current funding levels. Either resources could be used freely, as local educators chose, or there could be requirements that some of the funds be used in specified ways. For example, compensatory education could be required for all enrollees performing below grade level. Enhanced guidance counseling, job-search instruction, and placement services could also be required.<sup>29</sup> Or, provisions could be included to encourage more cooperative education programs, providing part-time work experience with local employers. For seriously disadvantaged youths, the latter might require full subsidy of all costs to the employers, however.

This approach could increase the targeting of federal vocational education funds on the disadvantaged while maintaining some leverage over the vocational education system. Federal funds

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27. A growing body of evidence indicates that proficiency in certain reading and computational skills is required for performance in all types of occupations. See Basic Skills Proficiencies of Secondary Vocational Education Students (National Institute of Education, November 1980).
  28. Concentration grants under Title I of the Elementary and Secondary Education Act were distributed in this way.
  29. Congressman Kildee recently introduced a bill (H.R. 4974) that would require that at least 6 percent of VEA funds be used for guidance and placement services.

could be concentrated on the most needy schools, while programs in other school districts without a large poverty population would not be much affected. Remedial work in basic academic skills could be provided in conjunction with training in work skills--a combination that appears to enhance motivation for disadvantaged youths.

On the other hand, using available federal funds to supplement local expenditures for secondary vocational education in poverty areas might unnecessarily limit the opportunities of low-income youths, by tracking them into vocational programs and out of college-preparation programs. In addition, alternative programs would be necessary to reach the youths who have already dropped out of high school. Finally, localities no longer receiving federal funds under the new distribution formula might terminate their existing programs for the disadvantaged.

Reallocate Vocational Education Funds to Compensatory Education Programs. The federal contribution to vocational education programs could be shifted to compensatory education funded under Title I of the Elementary and Secondary Education Act (ESEA). If all of the funds appropriated under the VEA for use during the 1981-1982 school year had been reallocated to compensatory education at the secondary level, more than a million students--about 5 percent of the nation's secondary students--could have been served.<sup>30</sup>

This option could ensure that disadvantaged youths receive remedial work in basic academic skills, without prematurely tracking them into occupationally-specific vocational programs. Further, the concentration of federal funds for education on the most needy schools would be increased.

On the other hand, it might be difficult to motivate youths if remedial education was provided in an academic context.<sup>31</sup>

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30. Youth Employment and Education, pp. 31, 40. Estimated cost per participant for 1981-1982 is \$650.

31. No national evaluations of secondary school compensatory education are available, although there are individual projects that have somewhat improved the performance of high school students in reading and arithmetic. See Jane Stallings and others, How to Change the Process of Teaching Basic Reading Skills in Secondary Schools (SRI International, May 1979).

Further, termination of the federal contribution to vocational education programs would almost certainly reduce expenditures on vocational education programs for the disadvantaged, although basic programs would not likely be much affected. Finally, since current funding levels under ESEA are insufficient to serve all of the eligible population even at the elementary level,<sup>32</sup> it would probably be necessary to require that some minimum proportion of any new ESEA funds be spent for high school programs to prevent them from being used to maintain programs in the elementary schools. Less than 5 percent of ESEA Title I funds are currently used for high school programs.<sup>33</sup>

Absorb the Vocational Education Programs into the Youth Employment Programs. Federal vocational education and youth employment programs could be combined and administered as one program for the economically disadvantaged through the CETA prime sponsor system.

This option would increase the targeting of federal funds on the disadvantaged, eliminate redundancy among federal programs, and reduce administrative costs.

On the other hand, this approach might also track disadvantaged students out of schools and increase federal support for work experience, which appears to be ineffective if not enriched by education or training. If the structure of current youth employment programs was not changed, the amount of federal money supporting skill training would be reduced and expenditures for work experience activities would increase since all vocational education classes provide some skill training while only about 13 percent of participants in federal youth employment programs (excluding the Job Corps) are enrolled in training activities.

These potential problems might be avoided by setting aside from the youth employment programs to the schools for services for the disadvantaged, or for joint programs.<sup>34</sup> This would allow the CETA

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32. Youth Employment and Education, p. 56.

33. *Ibid.*, p. 17.

34. At funding levels currently appropriated for 1982, however, set aside from Title IV-A (Youth Employment and Training Programs) and Title IV-C (Summer Youth Employment Programs)  
(Continued)

system to take advantage of educators' expertise, could give the federal government some leverage over education programs in schools, and might increase the focus on skill training. There would be problems in coordination, however, unless CETA programs were forward-funded.

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34. (Continued)

of CETA would have to be set at 80 percent in order to fund the same level of in-school programs for the disadvantaged as would be provided under the previous option. The set-aside under Title IV-A of CETA is currently 22 percent. No set-aside is required under Title IV-C. Title IV-B (Job Corps) already provides intensive education and skill training for out-of-school youths in residential centers.



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## CHAPTER VI. IMPROVING LABOR MARKET TRANSITIONS

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The transition from school to work or from one job to another is difficult for many young people. They are often poorly informed about the requirements of various occupational alternatives, about sources of labor market information, and about effective job-search techniques. These problems are especially severe for low-income and minority youths. Average unemployment rates for job-ready youths could be reduced by more and better labor market information, since that could reduce turnover (because of more satisfactory job matches) and reduce the duration of unemployment for those making a transition from school to work or from one job to another.

### CURRENT GOVERNMENT EFFORTS

Schools, especially at the high school level, frequently do little to ease their enrollees' transition into the labor market. Guidance and counseling are generally well developed for those high school students who intend to go on to college, but services are less adequate for those who plan to seek employment. A survey conducted in the fall of 1976 by the Department of Health, Education, and Welfare found that 56 percent of high school districts were providing no formal placement services.<sup>1</sup> Even vocational education programs generally offer little help in this regard, since the emphasis in most programs is on specific skill training, with little attention to exploration of alternative occupations, instruction in job-search techniques, or job development and placement activities.<sup>2</sup>

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1. Youth Employment Act of 1979, Hearings before the Subcommittee on Employment Opportunities of the House Committee on Education and Labor, 96:1 (1979), Pt. I, p. 149.
  2. In the 1978-1979 school year, only nine states spent anything for placement services in general vocational education programs. Nationwide, expenditures for placement activities were 0.2 percent of total (federal and nonfederal) expenditures for such programs. See Mary A. Golladay and Rolf M. Wulfsberg, The Condition of Vocational Education (National Center for Education Statistics, July 1981), pp. 155, 162.

## The Employment Service

The principal public source of labor market information and placement assistance is the Employment Service, which is authorized by the Wagner-Peyser Act of 1933. The Employment Service is a federally funded state-administered system, with offices operating throughout the country in about 2,600 locations.<sup>3</sup> It is primarily a labor exchange, attempting to match the skills and interests of job applicants with the openings listed with the Service by employers. Services to employers include job analysis, studies of turnover and absenteeism, and assistance in job restructuring, along with help in filling their job openings. The primary service provided to jobseekers is referral to listed job openings. The Employment Service does nothing to develop the employability of job applicants, although it provides aptitude testing and counseling. Further, it serves as a source of information and referral for employment and training programs and apprenticeship programs in which job applicants might usefully participate. Agencies make some efforts at job development, in which they encourage local employers to list more of their vacancies with the Service.<sup>4</sup>

In contrast to private employment agencies, public Employment Service agencies must serve, without charge, all job applicants regardless of skill or aptitude. As a result, those with labor market disadvantages are disproportionately represented among Employment Service applicants. Of the 15.5 million applicants to the Employment Service in fiscal year 1979, 32 percent were minorities and 34 percent were economically disadvantaged.<sup>5</sup>

Youths, too, receive a disproportionate share of services from the Employment Service. In 1979, 39 percent of applicants were under 22. Links between the Employment Service and the high schools, however, have been weakened in recent years. In the 1950s and early 1960s, many local agencies of the Employment Service offered formalized counseling and placement services in high schools, but these in-school programs for high school seniors were cut back in the 1960s when the Employment Service was called

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3. Employment and Training Report of the President, 1981, p. 47.

4. Ibid., p. 50.

5. National Commission for Employment Policy, Sixth Annual Report (December 1980), p. 102.

on to provide more services for the economically disadvantaged, without additional resources.<sup>6</sup>

In fiscal year 1980, local Employment Service offices had on file about 16.6 million applications (new and renewal) and 8.1 million job openings listed by employers. During that year, nearly 6 million job openings were filled, about one-third each in white-collar and blue-collar occupations and about one-fifth in service occupations.<sup>7</sup> Hence, about 75 percent of the job openings listed with the Service are filled, but listings are only half the number of applicants.

In many areas, the Employment Service has difficulty building up its listings, especially for better jobs, because of a negative image arising in part from the fact that it serves so many disadvantaged applicants. In addition, job development activities by Employment Service staff are constrained by the growing numbers of unemployed who must be registered, as well as by the increasing responsibilities for compliance and enforcement that have been delegated to the Service.<sup>8</sup>

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6. Youth Employment Act of 1979, Hearings, Pt.I, p. 380. In the early 1960s the Employment Service had cooperative programs with more than half of the nation's high schools. Now, fewer than a quarter of high schools have such programs.
  7. National Commission for Employment Policy, Seventh Annual Report (October 1981), p. 84.
  8. In addition to its placement activities, the Employment Service has a number of other responsibilities under various laws, executive orders, and agreements with other agencies. Agencies are supposed to ensure that employers who use the Service abide by equal employment opportunity laws and federal labor regulations. Some beneficiaries of income transfer programs such as unemployment insurance, welfare, and food stamps are required to register for job placement with the Service. Employment Service offices are the certifying agents for employees eligible for the Targeted Jobs Tax Credit. They are responsible for certification of alien workers, for monitoring migrant farm housing, and for certification of eligibility for rural business and development loans. They have a major recruiting role for the Job Corps and other youth programs. See National Commission for Employment Policy, Seventh Annual Report (October 1981), p. 85; and Youth Employment Act of 1979, Hearings, Pt.I, p. 78.

Other services to jobseekers are also limited by inadequate resources. The results of a pilot study of the Employment Service in 1977 show that while 42 percent of jobseekers received at least one referral to a job, only 2.6 percent received counseling, 5.4 percent were tested, and 0.4 percent were referred to a training program.<sup>9</sup>

The amount allocated for the placement activities of the Employment Service in 1982 is \$735 million. This will fund about 24,000 staff years, a reduction of about 6,000 staff years since the beginning of 1981.<sup>10</sup> An additional \$20 million is appropriated for administration of the TJTC. Some additional resources are available for services rendered to CETA prime sponsors, local welfare agencies, and others. In 1980, funds from these sources increased total resources of the Employment Service by more than 60 percent.

In addition to direct work with clients, the Employment Service--through its state research and analysis units--helps to develop and disseminate comprehensive labor market information. The states collect data on state and local employment, unemployment, labor turnover, hours worked, and wages earned. They also project occupational demand. National labor market information is then developed from these sources by the Department of Labor.

At the local level, labor market information developed by the states can be useful to employers, jobseekers, and those who serve them. This last group includes not only Employment Service placement specialists, but also CETA administrators and school counselors.

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9. Terry R. Johnson and others, A Pilot Evaluation of the Impact of the United States Employment Service, Final Report (Menlo Park, Calif.: SRI International, for the U.S. Department of Labor, January 1979), p. 11.

10. Positions funded under the Wagner-Peyser Act were limited to 30,000 from 1966 through 1981, despite a large increase in the labor force over that time. See Youth Employment Act of 1979, Hearings, Pt.I, p. 381.

At the national level, labor market information can be used for planning education and employment policy. It is also used, by law, to determine local eligibility for various federal programs and in the allocation of program funds.

In recent years, it has become apparent that special efforts are required to make current labor market information more accessible to potential users. To help meet this need, the Department of Labor is in the process of developing training curricula customized to the labor market information needs of various user groups. Training curricula are currently available for Employment Service labor market analysts and job development specialists, for CETA planners, for CETA Private Industry Council staff, and for federal representatives from the Employment and Training Administration. The Department of Labor has also developed a curriculum intended for high school, CETA, Employment Service, and vocational rehabilitation counselors, in response to a perceived need for more effective counselor use of labor market information in order to improve career decisionmaking. Implementation of nationwide training for counselors with this curriculum is uncertain, however, because of recent budget reductions.

#### Job Search Assistance Programs

In recent years there has been considerable experimentation with self-directed placement activities. Demonstration programs have been implemented for high school youths, for dropouts, and for welfare recipients, among others. The services generally provided can include career exploration, counseling, instruction in job search and interview skills, job development, and job referral, although the mix and intensity of these components varies.

Although the technique is too new to assess long-term results, short-term results from self-directed placement programs are generally positive. The gains from short-duration job search training programs appear to be due entirely to their success at reducing the time jobseekers take to find a job. Within a year, employment rates for nonparticipants and participants are about equal. In-school placement assistance programs of longer duration--with some emphasis on personal development--may result in a long-term increase in employment rates, but evidence for this is weak as yet.

Results at three months after termination from the School-to-Work Transition demonstration, run by the Employment Service for disadvantaged in-school youths, show a four percentage-point increase in (full- and part-time) employment rates for participants relative to similar youths who did not participate (see Table 9). The employment advantage for participants increased to nine percentage points eight months after the end of the school year. The program provided five to ten hours weekly of instruction for a full school year, with emphasis on personal development as well as provision of the specific skills needed to get a job. Costs per participant averaged \$1,100 over the three-year demonstration period.<sup>11</sup>

Another program for in-school youths--the Jobs for Delaware Graduates (JDG) program--increased the employment rate for participants by 10 percentage points three months after termination, increasing to 20 percentage points eight months after termination, compared to similar youths who did not participate (see Table 9). This program placed less emphasis on personal development than the School-to-Work Transition program and more emphasis on job development and placement activities. Services were available to youths not only during their last school year, but for nine months thereafter. Average costs per participant were \$1,116 in 1980.<sup>12</sup>

Short-duration job-assistance programs for youths provided outside the school setting have shown nearly comparable short-run employment gains at lower per-participant costs. In a Job Search Assistance demonstration program run by the Job Factory, disadvantaged youths were given one week of intensive instruction in job-search techniques together with up to three weeks of supervised--and paid--job search activities at a 1980 cost per participant of \$989. The "job-finding rate"--the proportion who had found, but

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11. Taggart, A Fisherman's Guide, p. 121; and letter from Shirley M. Smith, Employment and Training Administration, November 23, 1981. Participant costs for demonstration programs are likely to overstate the costs for an ongoing program, since demonstrations need to experiment with alternative program components and delivery mechanisms.

12. Taggart, A Fisherman's Guide, p. 121; and letter, Robert Taggart to Pierre Dupont, October 22, 1981.

TABLE 9. COMPARISON OF JOB SEARCH ASSISTANCE PROGRAMS

Program	1982 Cost per Participant <sup>a</sup> (dollars)	Average Number of Days to Find a Job		Employment Rate Three Months After Program Completion <sup>b</sup> (percent)	
		Participants	Non-Participants	Participants	Non-Participants
<b>Long-Duration In-School Programs</b>					
School-to-Work Transition	1,100	N/A	N/A	68	64
Jobs for Delaware Graduates	1,116	N/A	N/A	82	72
<b>Short-Duration Programs</b>					
Job Factory (1 week of instruction; 3 weeks of supervised job search)	989	N/A	N/A	63	48
Job Track (2 days of instruction; 3 days of support services)	200	13	25	44	38

N/A = Not available.

SOURCES: See footnotes in the text.

a. These are average costs per participant in 1980, but they include extraordinary expenses arising from the start-up and research requirements of a demonstration project. It is estimated that the cost per participant for an operational program would have been about 20 percent lower in 1980. Since inflation would have raised 1980 program costs by about 20 percent by 1982, the cost figures in the table represent costs in 1982 for ongoing programs.

b. For the Job Factory, program results are reported ten weeks after program enrollment.

not necessarily kept a job--ten weeks after program completion was 16 percentage points higher for participants than for similar youths who had not been participants, but nonparticipants had attained equal rates by the 45th week after program completion.<sup>13</sup> An even shorter-duration program called the Job Track gave two days of job search training--with three additional days of support services--to young Employment Service applicants, resulting in a gain of 13 percentage points in the job-finding rate and a gain of 6 percentage points in the employment rate for participants three months after the program, compared to similar youths who had not participated (see Table 9). Costs per participant were about \$200 in 1980.<sup>14</sup>

### Options

Two findings stand out in the previous discussion of current placement activities. First, the schools often do little to facilitate their students' transition from school to work. Second, passive job placement efforts such as those provided by the Employment Service could be substantially enhanced by instruction designed to make jobseekers more active and effective participants in the process.

Better placement services would not only help to assure that the benefits of employment and training programs are realized, but--if coordinated with schools--they might also reduce the need for employment and training programs among less disadvantaged youths entering the labor force. The two options discussed here--which are not mutually exclusive--are intended to enhance the placement services available to inexperienced jobseekers. They involve changes for the Employment Service, because the Service is the primary delivery agent for placement services. The options would:

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13. Andrew Hahn and Barry Friedman, "The Effectiveness of Two Job Search Assistance Programs for Disadvantaged Youth," Center for Employment and Income Studies, Heller School, Brandeis University (1981). Cost per participant without the stipend was \$715, but the stipend proved to be necessary to induce continued job search activity by program participants.

14. Taggart, A Fisherman's Guide, p. 122.

- o Expand in-school placement services; and
- o Encourage Employment Service agencies to offer instruction in job search techniques.

Expand In-School Placement Services. Additional funding could be provided to Employment Service agencies to develop in-school programs providing employment counseling, job search training, and placement for youths who are ready to take full-time employment.

Linkage with the schools could not only help to reduce the unemployment and high turnover characteristic of youthful entrants to the labor market, but it might also help to improve the image of the Employment Service in the view of employers who must decide whether to list their vacancies with the Service.

This option could require increased federal expenditures, or some funding could be provided by redirecting expenditures under the Vocational Education Act. Based on findings from the JDG program, there would be about 1.3 million seniors nationwide in 1982 who could benefit from in-school job placement services. Providing services to all of these youths comparable to those provided by the JDG program would cost about \$1.4 billion. Even if all funds appropriated for the 1981-1982 school year under the VEA--\$674 million--were redirected for this purpose, only about half of the youths graduating in 1982 could be served using the JDG model of long-duration placement assistance with extensive job development efforts.

Existing VEA funds could be targeted on low-income school districts to provide long-duration placement assistance where it is most needed. Alternatively, less costly short-duration placement assistance could be provided in all schools. A substantial reduction in the time it takes to find a job could apparently be obtained even from a two-day program in job-search training, which could be provided in all schools to students ready to enter the labor market for a total cost of \$260 million. Short-duration programs are not likely, however, to result in any long-term employment gains.

Encourage Employment Service Agencies to Offer Instruction in Job Search Techniques. Additional funding, earmarked for use in job search training, could be provided to agencies willing to introduce or expand this activity. Although Employment Service agencies have been instructed to initiate self-directed placement

services--such as job-finding clubs and job search workshops--funds earmarked for this purpose are probably necessary, for two reasons. Since some participants in self-directed job search programs will find employment that is not reported to the Employment Service, local agencies may be reluctant to risk their performance record by committing resources to self-directed activities.<sup>16</sup> Further, at current staff levels, personnel are pressed just to keep up with registration of applicants, so that resources may not be available for new self-directed activities.

The value of job search instruction to job seekers could be substantial, because the majority of job vacancies--and almost all of the better jobs--are not listed with the Employment Service. With instruction, applicants could become more effective participants in the placement effort, perhaps freeing some Employment Service personnel to develop more comprehensive and accurate information on the local labor market and to develop more and higher quality employer listings.

On the other hand, this option would involve increased federal expenditures at a time of great budgetary constraint. There would probably be some offsets from reduced income-transfer payments because of higher employment and earnings patterns for those receiving instruction, but the amounts are difficult to estimate.

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16. Performance standards have been modified recently to include not only placements into vacancies listed with the Service per staff year, but also employment obtained following a reportable service like job search training.