

THE JOB TRAINING PARTNERSHIP ACT:
IMPLEMENTATION EFFECTS ON HISPANICS

Submitted for Inclusion into the Record of
Hearings on JTPA Implementation before the
House Subcommittee on Employment Opportunities

Submitted by:
The National Council of La Raza
20 F St., NW 2d floor
Washington, D.C. 20001
(202) 628-9600

November 1, 1983



I. THE JOB TRAINING PARTNERSHIP ACT
AN OVERVIEW FROM THE HISPANIC PERSPECTIVE

The Job Training Partnership Act (JTPA) was passed by Congress and signed by the President in October 1982. JTPA replaced the Comprehensive Employment and Training Act (CETA) as the nation's primary federal employment and training legislation on October 1, 1983. JTPA was developed to continue the federal commitment to assist youth and unskilled adults for entry into the labor market and to afford job training to economically disadvantaged individuals who are in need of such training to obtain productive employment. Thus, its purposes are not unlike those of CETA.

However, JTPA introduces significant changes to the employment and training system. One of the major issues to emerge during JTPA's development was the appropriate relationship between the federal, state and local governments. Under JTPA, within the context of President Ronald Reagan's "New Federalism," the state now assumes many of the functions previously performed by the Department of Labor. Governors are thus given significantly increased authority to shape the state employment and training system, including designation of Service Delivery Areas (SDAs), and general oversight of state and local programs, and management of performance.

Concurrently, JTPA expands local decision-making authority to give local areas great flexibility to decide how programs will be administered and managed and what types and mixes of programs will be provided. However, while CETA gave local authority to cities and counties, under JTPA these local decisions are made through the private/public sector partnership which is the foundation of JTPA. Local elected officials will appoint the members of the Private Industry Councils (PICs) the majority of which should represent the private sector.

JTPA significantly departs from CETA in its elimination of public service employment (PSE) slots and near elimination of funds for training stipends. CETA provisions relating to PSE and mandatory allowances have been repealed. JTPA's developers believe that these changes will lead to an emphasis on training rather than income maintenance.

In line with the legislative wish for an effective return on investment, JTPA emphasizes the concept of performance standards, and stipulates that they focus on increased employment and earnings and reflect a reduction of welfare. The emphasis on performance is further augmented by incentive funding for successful programs. While the benefits of such accountability are obvious, the inherent danger of performance standards based on positive placements is that it may encourage "creaming"--the tendency to select as clients persons who are least disadvantaged and easiest to place. These individuals are considered a less risky investment than other more disadvantaged individuals. Hispanics and other individuals with serious employment barriers may find themselves excluded from participation in training programs due to the tendency to "cream" on the part of program operators. Furthermore, the lack of targeting language in JTPA contributes to the exclusion of minorities in employment and training programs.

The principles espoused by the Job Training Partnership Act may lead to a severe negative effect on Hispanic participation rates. The concept of decentralization erodes federal oversight over targeting and monitoring efforts, thus endangering equal access to training programs by the disadvantaged and minorities. Hispanic, small and minority business, and CBO representation in the PICs may be low due to the lack of strong language mandating such representation. The restriction on training stipends may have a chilling effect on those individuals who are most in need of training but who can least afford the extra costs associated with training, such as transportation and child care. The emphasis on performance standards based on positive placements may cause organizations to "cream" participants, thus, ignoring the disadvantaged and long-term unemployed. Perhaps most important, Hispanic participation is likely to plummet unless Hispanic community-based organizations (CBOs) continue to play a major role in client outreach and in delivery of employment and training services.

If Hispanics are to be equitably served under JTPA, factors affecting Hispanic participation, whether as clients or as service deliverers, must be identified early. Policy makers and community leaders must become aware of the need to remove obstacles to such participation and encourage full Hispanic involvement in JTPA planning and implementation. The manner in which JTPA was drafted, with its ambiguous and non-targeted language, may lead to a disastrous exclusion of Hispanics and other disadvantaged groups. JTPA's deficiencies also reflect the short-sightedness of policy makers. Hispanics are the fastest-growing constituency and the youngest subpopulation group in America; they will be an increasing proportion of the future labor force. The taxes paid by future Hispanic workers

will be critical to support the Social Security system. Thus, a long-term benefit for the society in general requires a federal employment and training policy which effectively addresses the needs of the Hispanic community, and assures equitable access to training programs. The ability of JTPA, in its current form, to equitably serve Hispanics and other minorities and disadvantaged persons is extremely questionable; thus, JTPA needs to be monitored for its short-term and long-term impact on the Hispanic community. The original CETA legislation had some similar deficiencies, many of which were corrected through legislative amendments and increased federal regulations and oversight. If similar improvements are to be made in JTPA, careful monitoring is an essential first step and the greatest challenge that faces the Hispanic community.

II. JTPA: IMPLICATIONS FOR HISPANICS

The highly decentralized nature of JTPA may lead to effective and innovative program approaches, but may also result in lack of enforcement of nondiscrimination requirements, minimal JTPA participation by community-based organizations (CBOs), and underrepresentation of Hispanics as program clients and successful placements. Major areas of concern are discussed below.

A. Lack of Enforcement of Nondiscrimination Requirements

1. Lack of Targeting Language

An effect of decentralization is the decrease in federal oversight to accomplish stated national goals. The 1978 amendments to CETA increased the federal role in targeting efforts. Whereas CETA prescribed services "to be made available" to "significant segments" of the population, JTPA merely suggests that local programs "shall make efforts" to provide equitable services to "substantial segments" of the eligible population. The differences in language illustrate a strong mandate for targeting in CETA versus a permissive approach to targeting in JTPA. Targeting language is key to assure access to employment and training programs by the disadvantaged and minorities.

The provisions regarding the job training plan further demonstrate the lack of targeting which accompanies JTPA. Under CETA, each prime sponsor was required to submit a plan to the Department of Labor detailing the services it planned and the manner in which those services would be delivered. Provisions of CETA specified 37 different elements that had to be included in the plan, including targeting provisions which established a requirement for affirmative services to one group or another; significant segments, low-income persons, veterans, youth, persons with limited English proficiency, offenders, etc. JTPA calls for a job training plan to be submitted to the Governor, not to the Department of Labor, and it specifies only ten provisions that must be addressed by the plan, none of which call for targeted or affirmative or priority services. Thus, under JTPA, the success of the job training plan, from an equal opportunity perspective, will depend on the commitment to this ideal by state and local officials.

B. Minimal JTPA Participation by Community-based Organizations

1. Definition of Community-based Organization

Community-based organizations (CBOs) play a dual role as advocates and

service providers for their constituencies. They are known to have a high success rate in reaching the disadvantaged. Within JTPA, Private Industry Council representatives from CBOs are to be chosen as part of a broad and extremely varied group that also includes representatives from organized labor, educational agencies, economic development agencies, and the public employment service. JTPA's statutory definition of a community-based organization is extremely broad; therefore, Hispanic CBOs which act as service deliverers may be excluded in favor of an organization which represents a more general constituency. Unlike specific provisions mandating private industry representation, JTPA does not contain language which mandates specific numbers for CBO representation. Exclusion of CBOs may result in policies which do not effectively address the means for reaching the disadvantaged.

2. 15% Limit on Administrative Costs

Many Hispanic and other community-based organizations may want to participate in JTPA but are effectively excluded because they do not have the non-JTPA resources to absorb the administrative responsibilities required by JTPA, such as management information systems and fiscal accounting, and do not have the capacity to provide such systems while staying within JTPA's 15% cap on administrative costs. Larger established organizations like the Employment Service, school systems, and training institutes which do have sizable administrative staffs funded by other resources can absorb some of the administrative costs of a JTPA program. Therefore, JTPA limits on administrative costs may preclude some of the most effective recruiters and service providers such as CBOs from participating in the Job Training Partnership Act. If CBOs are effectively excluded from JTPA, then there will be a lack of organizations which effectively reach the disadvantaged, such as the Hispanic community, thus causing Hispanic participation rates to plummet.

C. Underrepresentation of Hispanics

1. Lack of Training Stipends

Under JTPA, the lack of training stipends affects the access to training programs by the truly disadvantaged, including many Hispanics. Due to family income needs, there may be a strong tendency for individuals to take any job which becomes available, rather than completing training. This is a particular problem for the Hispanic community, which has a high poverty rate and also a high rate of underemployment. If the disadvantaged want to take advantage of a training program, they may have to incur additional expenses such as transpor-

tation and child care costs, and suspend personal job search efforts. The lack of training stipends may effectively exclude Hispanics and other minorities from participating in a training program. The law allows needs-based payments necessary for participation; however, they are to be determined under a locally developed formula or procedure, which will mean a lack of uniform standards, thus resulting in 50 different needs-based payment formulas.

2. Performance Standards

In the past, the federal government prescribed at great length and detail how training programs were to be conducted, emphasizing the means rather than the end. JTPA's emphasis on results is a major legislative shift in social policy. Performance standards, more than any other part of JTPA, are critical to the outcomes-based system. Their importance is emphasized by the fact that 6% of the funds allocated to the states can be used to reward high performers, and that sanctions must be applied to consistently poor performers. JTPA mandates that the basic measure of performance for adult training programs under Title II is the increase in employment and earnings and the reductions in welfare dependency resulting from participation in the program. JTPA mandates the Secretary of Labor to prescribe performance standards on the basis of appropriate factors which may include (A) placement in unsubsidized employment, (B) retention in unsubsidized employment, (C) the increase in earnings, including hourly wages, and (D) reduction in the number of individuals and families receiving cash welfare payments. While the benefits of such accountability are obvious, the inherent danger of performance standards based on positive placement is that it may encourage "creaming"--the tendency to select as clients persons who are least disadvantaged and easiest to place. Unfortunately, Hispanics and other minorities with serious employment barriers do not usually fall into this category.

Community-based organizations (CBOs) are affected the most by performance standards emphasizing placement. It makes little sense to have performance standards which develop unit costs per placement without considering the nature of the client and any special problems such a client may have. Clearly, the more disadvantaged the client, the more likely that effective program services will cost more and run longer. Consequently, CBOs, as well as other entities, may be encouraged to "cream" by serving client who are least disadvantaged, have least need for employability development, and are easiest to place, in order to meet the performance criteria and get refunded. The practice of "creaming" would neglect the intended and most important beneficiaries of JTPA, the disadvantaged

and structurally unemployed. The mechanism for ensuring that services are delivered to those most in need is targeting, a mechanism which is all but nonexistent in the Job Training Partnership Act.

D. Conclusion

The Federal government, through the Department of Labor (DOL), provides national policy direction and oversight to JTPA, primarily through the creation of regulations and establishment of performance standards. It also administers national programs such as employment and training for Native Americans, migrant and seasonal farmworkers, veterans, and administers the Job Corps program.

In line with the concept of decentralization, DOL issued regulations for JTPA which give states maximum authority to interpret most provisions of the law. The effect of DOL's approach is to create a policy and oversight void. Whether the states fill this void in a manner consistent with the intent of the law remains to be seen, and this will play a large role in determining the long-term impact of the Job Training Partnership Act.