NORTH CAROLINA CENTER FOR
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NEWS RELEASE

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STATE JOB TRAINING PROGRAMS NEED IMPROVEMENT, SAYS N.C. CENTER

North Carolina's job training programs spend nearly $59 million a year to train the unemployed to work, but the programs reach only a fraction of those who need them in any given year -- and a smaller fraction actually get jobs and work themselves out of poverty, says the N.C. Center for Public Policy Research.

The Center, in the latest edition of North Carolina Insight magazine, reports that the state's jobs programs can reach only about one in eight citizens who need help, and barely half the participants in the state's major job training program work steadily for three months after leaving the program. Other jobs programs run by the state and local governments do help some unemployed citizens, the Center says, but not nearly enough to make significant gains on the state's poverty rate.

"The sad fact is that not one of these jobs programs aims to get an unemployed person a job that will get that worker out of poverty -- not one," says Jack Betts, editor of Insight and co-author of the research on job training. "And without such a clearly defined goal, the state's job training programs are not going to have much impact on North Carolina's troubling poverty problem."

The Center examined the three main state jobs programs -- the Job Training Partnership Act (JTPA) program funded by the federal government and run by the state Department of Natural Resources and Community Development; the Human Resources Development (HRD) program, funded and operated by the state's community colleges; and the Community Work Experience Program (CWEP) funded by federal, state, and local governments and operated by county departments of social services. The Center's study found that at best:

-- The Job Training Partnership Act (JTPA) program initially finds jobs for nearly seven out of every 10 participants, but only about one of every two welfare recipients who participate in the JTPA program gets a job. And three months after leaving a JTPA program, only 55 percent of the participants have held a steady job.

-- The Community College's HRD program initially helps six out of 10 participants get work, but the program is small and is not funded well-enough to help community colleges take a bite out of poverty.

-- And CWEP, also known as Workfare, requires the state's able-bodied welfare recipients to register for work, but at best only about 40 percent of its registrants get a job -- and often those are minimum wage jobs that will never lift a worker out of poverty.

The Center found that perhaps as many as 440,000 North Carolinians in poverty could be helped by the state's jobs programs, but only about 55,000 people are now served in any one year. JTPA funding has steadily decreased in recent years. It is down nearly 80 percent from the $179 million available in 1979 for CETA, the federal program preceding JTPA, to a projected $38.4 million next year. HRD and CWEP receive only modest funding from the state. The Center says that the largest of the three programs -- JTPA -- serves nearly 43,000 people, and that about 70 percent of the program's participants initially get a job. But follow-up reports indicate that the number of participants still working 13 weeks (90 days) after leaving the program drops off significantly to about 55 percent of the participants. By comparison, the HRD program helps about 60 percent of its graduates get jobs, while the CWEP program claims that about 40 percent of its participants wind up in paid jobs. Critics of these programs say they help only the easiest-to-train individuals and don't do enough to work with the hard-core unemployed. The U.S. General Accounting Office has criticized the program on this very point.

Some critics view the JTPA program as "corporate welfare," saying JTPA subsidizes companies for routine business costs for training and salaries. The state director of the Division of Employment and Training, Joel New, acknowledges that an employer might keep a person only as long as the JTPA subsidizes that position, and then let that worker go when the subsidy expires. "We're aware that there is some abuse. Once aware of a specific instance, we move to correct it," says New.

David McCune, president of McCune Technology, Inc. in Fayetteville and one of 12 business members on the local council overseeing the JTPA program, adds, "It's better to have the person working than unemployed....But if a company lays the guy off, it is milking the U.S. government. If that happens, we need to get rid of that company [from the JTPA program]."

"Job training programs ought to be the one sure ticket out of poverty," says the Center's Betts. "And these jobs programs do help some individuals get jobs and earn some money. But the record shows that our jobs programs could work better."

One of the problems identified by the Center is that each of the three state programs does not have in place a good tracking mechanism to evaluate the program's success. That means the state usually cannot determine how many trainees have a job a year after participating in the government program, <u>and</u> whether that job is sufficient to get them out of poverty. But the available data suggest that the state's three main programs do not lead to a life free of poverty.

<u>Evaluation of the Job Training Partnership Act Program</u>

JTPA, which replaced the much-maligned Comprehensive Employment and Training Act (CETA) in 1984, aims to increase employment and earnings and reduce welfare payments -- but not specifically to get participants a job or to get them out of the poverty ranks. Much of JTPA spending goes for summer youth programs and other efforts to improve a youth's chances for getting a job. That leaves less than half the money available for adult job training programs, the Center says.

North Carolina's JTPA programs fare well by one measure -- the performance standards the programs use. In 1987-88, 69 percent of the N.C. participants got jobs, beating both the national standard of 62 percent and the statewide average standard of 58 percent. JTPA graduates in North Carolina got jobs paying an average of $4.69 an hour, which beat the statewide standard of $4.07 an hour, but trailed the national standard of $4.91. However, that $4.69 per hour rate is well below the average N.C. manufacturing wage of $8.26 an hour, and would amount to a salary of only $9,609 a year, well below the poverty level of $11,612 for a family of four.

Three months after leaving the program, the number of participants who held jobs had declined slightly to 66 percent, but just over half of the welfare participants were still working. And more alarmingly, only about 55 percent of the programs' participants worked regularly -- without interruption -- during the 13-week period following employment.

"Fifty-five percent are holding jobs for 13 weeks," observes Fred Aikens, analyst with the legislature's Fiscal Research Division. "What happens to the other 45 percent? That's what the legislators really want to know. They want to know if people are really staying employed."

The record also shows that from 1984-1988, there was no significant improvement in the rate of adult participants who got a job, or the number of welfare participants who got a job. In 1984, the rate was 68.6 percent for the number of participants who got a job, compared to 68.8 percent in 1987. Among welfare recipients, the number was 53.5 percent in 1984; in 1987 it was 54.9 percent.

In 1985, the legislature required the state Job Training Coordinating Council to develop a "long-term tracking system to measure the effectiveness of the Job Training Partnership Act with respect to job placements." But the Center says the legislature didn't fund such a system, so it was not implemented. Yet the need for such a system remains.

Employment and Training Division director New is receptive to the legislature's -- and the State Auditor's -- interest in program follow-up and evaluation. But, he says, "If the General Assembly wants us to do it, they need to give us the money."

The other two jobs programs really are not job training programs at all, but are pre-employment programs designed to help participants prepare themselves for the workplace.

<u>Evaluation of the Human Resources Development (HRD) Program</u>

HRD, a 20-year-old program funded entirely by the state, has some job training elements to it and seeks to build self-esteem in potential workers. Its success is characterized by continued personal contact with former HRD students, who often return to HRD offices for help when they change jobs or seek to re-enter the work force. According to program records, about 42 percent of HRD students got jobs in 1987-88, roughly the same percentage as in each of the previous five years. But HRD also reports that when all job placements -- for past and present HRD students -- are counted, 61 percent get jobs during a given year.

The Center praised HRD's performance index, which emphasizes the difference in income between what a participant was making at the beginning and at the end of the program, not just whether the trainee got a job. The HRD formula keeps track of total income produced by program graduates, as well as the amount of welfare funds saved by getting graduates off of welfare.

"You can't fudge on that formula too much," says state program coordinator Peggy Graham. "It keeps us honest."

The Center's report said HRD seems to be an effective program but it serves only 5,162 people, one-tenth of the total in state jobs programs and 1 percent of the total poor who could use job program help. "The HRD program produces a pretty good bang for the buck, but if the governor and legislature are serious about this program, they're gonna need to provide more bucks than the current $3.9 million spent on this program," says Betts.

Evaluation of the Community Work Experience Program (CWEP)

CWEP operates in 41 of 100 counties and requires AFDC recipients older than 16 to register for work experience in public or non-profit jobs. The program registered nearly 24,000 persons out of the total AFDC caseload of 56,971 in North Carolina in 1987-88. Of the CWEP registrants, nearly 9,900 got jobs -- about 42 percent. Yet only about 7,300 people actually participated in the CWEP program, so in effect, many registrants got work by themselves without help from CWEP programs, the Center found. What's more, in counties that do not have CWEP programs, AFDC recipients do almost as well on their own finding jobs and staying off of welfare. A 1987 Department of Human Resources study showed that 75 percent of former CWEP clients stayed off welfare rolls for at least a year, while 69 percent stayed off public assistance in counties without CWEP programs. The Center says this finding seems to indicate that CWEP does not have a significant impact.

The CWEP program costs $3.56 million a year to operate, but program officials claim it saved the state at least $1.1 million in 1987-88 in welfare payments that government agencies did not have to make. Legislative Fiscal Research analyst Nina Yeager draws this conclusion: "The state spent approximately four dollars...for every dollar savings recouped."

Mary Deyampert, director of the state Division of Social Services, contends that welfare savings are understated. However, Blanche Lyons, director of the N.C. Hunger Coalition, is blunt in her assessment of CWEP. She says, "These people are being placed in dead-end jobs, not jobs that lead to self-sufficiency."

"The problem is that the state's job training programs don't do much evaluation, and when they do, they measure the wrong thing," says Betts. "What they should be measuring is whether participants in their programs get jobs and hold them over the long term, and whether those jobs pay more than poverty-level wages. This is especially important since jobs paying below poverty level are growing faster than any other kind."

To help make jobs programs work better, the Center made several recommendations. Among them are the following:

* State jobs programs need more complete follow-up data to determine how long each program's graduates stay on the job and whether they get out of poverty. The HRD program checks on its graduates three times -- at three, six, and 12 months into the program. Neither JTPA nor CWEP review its participants regularly past the 90-day point.

* State officials should consider creating new performance measures that can evaluate job training success, and consider raising performance standards for JTPA programs.

* Jobs program officials should make efforts to coordinate plans and take better advantage of the state's far-flung apparatus of job training delivery agencies. This is necessary, says the Center, because there are 28 service delivery areas, 28 Private Industry Councils and several advisory councils for JTPA. Also, there are 45 HRD programs in the community colleges, and there are 41 county departments of social services running CWEP programs.

* And the N.C. General Assembly should recognize that it must take a stronger role in setting policy for jobs programs and providing new funding for jobs programs in light of the 80 percent drop in federal funding. Total state spending amounts to only $4.8 million of the $58.5 million in total state, local, and federal funds spent on jobs programs. The state spends more than that on the state zoo alone.

The Center's findings on job training are part of a special 168-page issue of Insight examining poverty in North Carolina. The report also examines other poverty issues, including the demographics of who is poor, a complete listing of state and federal poverty programs, profiles of families in poverty, education and health care for the poor, and the impact of the state's tax structure on the poor.

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The N.C. Center for Public Policy Research is an independent, nonpartisan, nonprofit organization created to examine state government programs and important issues of public policy in North Carolina. The Center is supported in part by grants from the Z. Smith Reynolds and the Mary Reynolds Babcock foundations, both in Winston-Salem. Other funding comes from 112 corporate contributors and more than 700 individual and organizational members. In addition to publishing North Carolina Insight magazine, the Center also has conducted studies comparing the performance of for-profit and not-for-profit hospitals, recommending the creation of a North Carolina Environmental Index, and producing Article II: A Guide to the 1989-90 N.C. General Assembly.

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Copies of the issue of North Carolina Insight containing the research on jobs training programs and on poverty in North Carolina are available for $12.60 (plus $1 postage and handling) from the N.C. Center for Public Policy Research, P.O. Box 430, Raleigh, N.C. 27602, or call (919) 832-2839.

For more information on the research on job training programs, call Jack Betts at the N.C. Center at (919) 832-2839.

Table 1. Comparison of Job Training Funds in North Carolina 1987-88 for Job Training Partnership Act (JTPA), Human Resources Development (HRD), & Community Work Experience Program (CWEP) (in millions of dollars)

Program	Federal Funds	State Funds	County Funds	Total Funds	Percent of Total Funds	Number of Persons Served	Percent of Total Served
JTPA	$51.1	$0.0	$0.0*	$51.1	87.4%	42,800	77.6%
HRD	0.0	3.9	0.0	3.9	6.6%	5,162	9.3%
CWEP	1.7	0.9	0.9	3.5	6.0%	7,238	13.1%
TOTALS	$52.8	$4.8	$0.9	$58.5	100 %	55,200	100 %

* Does not include local funds spent in kind or in cash for JTPA programs

Total Funds From All Sources: $58.5 million

Total Number of Persons Served: 55,200

Per Person Spending

Total spent on job training from all funding sources: **$ 1,060**

Average spent on job training from *federal* funding: **$ 957**

Average spent on job training from *state* funding: **$ 87**

Average spent on job training from *county* funding: **$ 16**

Table prepared by Bill Finger and Jack Betts

Table 2. Federal Funds for Job Training Programs in North Carolina, 1979-1990

Year	Federal Funding (Millions)	Program
1979-80	$179	CETA
1980-81	129	CETA
1981-82	111	CETA
1982-83	67	CETA
1983-84	83.4*	CETA/JTPA
1984-85	67.1	JTPA
1985-86	60.9	JTPA
1986-87	51	JTPA
1987-88	51.1	JTPA
1988-89	44.8	JTPA
1989-90	38.4 (estimate)	JTPA

*Of this sum, $61.8 million was for JTPA programs; $21.6 million was for the final months of CETA. This table does not reflect CWEP funding.

Source: Office of State Auditor and Division of Employment and Training, NRCD