

GAO

United States General Accounting Office
Testimony

For Release
on Delivery
Expected at
10:00 a.m. EDT
Wednesday
July 17, 1991

JOB TRAINING PARTNERSHIP ACT
Racial and Gender Disparities in Services

Statement of
Lawrence H. Thompson
Assistant Comptroller General
Human Resources Division

Before the
Subcommittee on Employment and Housing
House Committee on Government Operations

GAO/T-HRD-91-42

051968 / 144432

SUMMARY OF TESTIMONY BY LAWRENCE H. THOMPSON
ON RACIAL AND GENDER DISPARITIES IN SERVICES PROVIDED
BY THE JOB TRAINING PARTNERSHIP ACT PROGRAM

The Job Training Partnership Act (JTPA) provides classroom and on-the-job training, and job search assistance to low income and long-term unemployed youth and adults. Several studies indicate that women and minorities are either less likely to receive occupational training or the training they receive is likely to be for lower wage jobs. We have underway a study to determine the extent of disparities in service within individual service delivery areas (SDA). Thus far we have developed some information about disparate services to blacks and women. Disparities, if any, in services to other minorities will be included in our final report.

PRELIMINARY ANALYSIS INDICATES DISPARITIES EXIST. Using the most conservative statistical test, preliminary analysis indicate disparities in the training provided to blacks in 11 to 20 percent of the SDAs we analyzed. In these SDAs, white participants were more likely to receive classroom training and on-the-job training, while black participants were more likely to receive only job search assistance. The Department of Labor data show that JTPA participants who receive occupational training receive a higher placement wage than those who receive only job search assistance. Preliminary indications from the SDAs we visited are that when blacks did receive classroom training, they were more likely to get training for jobs with lower placement wages. Although women were receiving more classroom training than men, program officials told us that women were more likely than men to get training in jobs with lower placement wages.

FACTORS CONTRIBUTING TO DISPARITIES. Because several factors contribute to the disparities in SDAs, the existence of disparities does not mean that equal opportunity laws have been violated in each SDA. Program officials identified factors that contribute to disparate services, such as, self-selection by participants into stereotypical occupations; the financial incentives in performance based contracts that can encourage the steering of minorities and women to lower paid occupations; the lack of an independent participant assessment process in the JTPA program; and discriminatory actions of some employers and the acquiescence of some SDA staff.

LABOR AND STATE OVERSIGHT INADEQUATE. Analyses by Labor's Directorate of Civil Rights identified potential disparities, but final reports have not been completed and forwarded to states in a timely manner. Although Labor is aware of disparate services for minorities and women in the JTPA program, it has provided little guidance to states and SDAs for investigating the causes of these disparities. Neither Labor nor the states maintain data on participant characteristics and activities in a format readily usable for detecting disparities and managing changes when necessary.

Mr. Chairman and Members of the Subcommittee:

We welcome the opportunity to discuss our work-in-process on the services to various demographic groups by the Job Training Partnership Act (JTPA) program. Despite the large representation of women and blacks in the JTPA program, previous reports by us¹ and others--such as the Chicago Urban League and the Women's Action Alliance--identified disparities in the services provided to some women and minorities. Generally, these reports indicate that minorities and women are either less likely to receive occupational training or the training they receive is likely to be for lower wage jobs.

Our study focuses on the extent that disparities occur in individual service delivery areas (SDAs)² and the factors that are contributing to such disparities. My testimony today summarizes the information we have developed thus far about disparate services to blacks and women in the JTPA Title IIA program.³ Disparities in services to other minorities will be included in our final report.⁴

¹GAO reports and testimonies related to JTPA are listed in exhibit I.

²An SDA is a local project that receives funding through its state according to formulas specified in JTPA to provide job training services. SDAs can include one or more units of local government, or the entire state may be served by a single SDA. Nationwide, there are about 630 SDAs.

³The JTPA title IIA program is the nation's primary job training program for economically disadvantaged individuals, spending about \$1.8 billion annually.

⁴Our analysis of racial disparities focused on blacks. It does not include Hispanics, Asians, or American Indians because their representation in most of the SDAs we analyzed was generally too small to permit analysis.

BACKGROUND

To identify the extent to which SDAs may be providing different services to different demographic groups, we obtained data on the training received during program year 1989 by adult JTPA participants with a high school education in 227 local service delivery areas (SDAs) in 16 states. These 16 states were the only states able to provide, in a usable format, SDA-level data on the number of JTPA participants receiving specific services. They represent a third of the SDAs nationwide and a third of all JTPA Title IIA participants.

The services analyzed included occupational classroom training and on-the-job training--both of which teach specific occupational skills--and job search assistance, which provides help with general job-finding skills. While participants who receive skill training generally also receive job search assistance, some participants receive only job search assistance and no specific occupational training. Although each form of training has its benefits, Labor data show that participants receiving classroom training have a higher placement wage upon completing training than do participants in on-the-job training. Those receiving only job search assistance have the lowest placement wage.⁵

In looking at differences in the training provided by SDAs to various demographic groups, we limited our analysis to those SDAs with at least 10 people from each of the demographic groups analyzed and with at least 5 percent of the baseline group receiving the service being analyzed. Our analysis of racial disparities, for example, is based on SDAs that had at least 10

⁵In its summary of program year 1989 data, the Job Training Quarterly Survey showed that participants receiving classroom training had an average placement wage of \$5.69 an hour compared with \$5.44 an hour for on-the-job training and \$5.18 an hour for job search assistance only.

white participants and 10 black participants and at least 5 percent of the white participants receiving the service. This was done to assure that only SDAs with meaningful numbers of participants receiving a specific service were analyzed. Table 1 shows how many of the 227 SDAs met our criteria for assessing racial and gender disparities in the services provided.

Table 1--Number of SDAs Analyzed by Race and Gender and Service

<u>Activity</u>	<u>Race</u>	<u>Gender</u>
Classroom training	187	223
On-The-Job training	172	210
Job Search Assistance Only	119	150

We used the "80-percent rule,"⁶ statistical significance tests, and interviews with program officials to identify SDAs that had disparities in the mode of services--classroom training, on-the-job training, or only job search assistance--provided to blacks and women. These statistics are commonly used by the Equal Employment Opportunity Commission (EEOC) and the Department of Labor to identify activities that may warrant further EEO investigations. Our statistical identification of disparities in some SDAs, however, does not mean that equal opportunity laws have been violated. Further investigations would be necessary to determine the cause(s) of the disparities and if any violations occurred. In addition, our analysis of disparities includes determining the occupations for which blacks and women were more likely to be trained compared to white men.

⁶The 80-percent rule states that a "...selection rate for any race, sex, or ethnic group which is less than four-fifths (4/5) (or 80 percent) of the rate for the group with the highest rate will generally be regarded by the Federal enforcement agencies as evidence of adverse impact." For litigation purposes, EEOC also uses additional statistical methods, such as Chi-square and Fisher's Exact tests, to confirm that observed discrepancies are also statistically significant.

To identify practices that may contribute to disparities, we conducted 6 focus group discussions with JTPA administrators and counselors from 29 SDAs in 3 metropolitan areas--Detroit, Los Angeles, and Washington. Two focus groups were conducted in each location under the direction of an independent consultant. One group consisted of about 10 administrators from several SDAs in the greater metropolitan area, while the second group consisted of about 10 counselors from the same SDAs. Representatives of both SDA and service provider staffs were included. Participants freely discussed a variety of topics related to JTPA assessment, counseling, training, and referral practices with the assurance that they would not be quoted or identified as individuals. We also visited 11 SDAs in 5 large metropolitan areas--Chicago, Detroit, Los Angeles, Philadelphia, and San Diego.

RACIAL DISPARITIES

We found disparities in training provided to blacks in many SDAs that we analyzed. For example, using the most conservative statistical test (table 2) we estimate that racial disparities exist in services in 11 to 20 percent of the SDAs in our survey. In these SDAs white participants were more likely to receive classroom and on-the-job training, while black participants were more likely to receive only job search assistance.

Table 2--SDAs With Racial Disparities⁷

<u>Activity</u>	<u>SDAs Analyzed</u> number	<u>SDAs With Disparities</u>	
		<u>80-Percent Rule</u> percent	<u>Chi-Square Test</u> percent
Classroom training	187	40	20
On-The-Job training	172	37	11
Job Search Assistance Only	119	33	18

To get an idea of the size of these racial disparities, we looked more closely at the 39 SDAs in which the 80 percent rule indicated possible disparities among participants provided only job search assistance. For those SDAs we compared the rates at which blacks and whites were provided that assistance. We found that on average the percent of blacks provided only job search assistance was 14 percentage points higher than the percent of whites given that assistance. For example, at one SDA, 25 percent of the blacks were given only job search assistance, while 13 percent of the whites were provided this assistance -- a difference of 12 percentage points. Across the 39 SDAs, these differences range from 4 percentage points at one SDA to 41 points at another.

In addition, we have begun our analysis of detailed data from 21 SDAs that contains information on the specific kinds of occupational training provided to individuals. Preliminary

⁷The disparities shown in this table identify SDAs that were less likely to provide blacks classroom or on-the-job training or were more likely to provide them only job search assistance. However, we found that in some SDAs blacks were more likely than whites to receive classroom or on-the-job training and less likely to receive only job search assistance. Using the 80-percent rule, in 13 percent of the SDAs, blacks were more likely to receive classroom training. Similarly, in 21 percent of the SDAs, blacks were more likely than whites to receive on-the-job training. In 24 percent of the SDAs, whites were more likely to receive only job search assistance.

indications from the SDAs we visited are that when black men did receive classroom training, they were more likely to get training that was associated with lower placement wages. In the one SDA we have analyzed so far, we found that 55 percent of the white men in classroom training received electronics training, which had the highest average placement wage for men--\$7.50 an hour. However, only 26 percent of the black men in classroom training received electronics training. In contrast, 42 percent of the black men received training in the health or food services areas, which had lower placement wages--less than \$6.00 an hour. Over the next several months, we will be developing additional data on the occupations for which blacks and whites received training to see whether similar disparities exist in other SDAs.

GENDER DISPARITIES

In contrast with the training provided to blacks, women are receiving more classroom training than men. However, the information we collected during our site visits to 11 SDAs suggests that many women receive classroom training for lower wage occupations. For example, at one SDA analyzed so far, 43 percent of the women who received classroom training were trained in clerical occupations and 33 percent were trained in health occupations. We will also be developing data comparing the occupations for which women and men received training in other SDAs to determine if there are disparities in services to women.

FACTORS ASSOCIATED WITH DISPARITIES

Disparities may be related to local implementation of JTPA and discriminatory actions by some employers. Based on the results of the six focus group discussions and comments by local JTPA

officials during our visits, we identified several factors that can contribute to disparities including: self selection, limited training and job options, limited support services, and discrimination on part of employers.

Self Selection Plays Role in Disparities

Many participants self-select the occupation or training available from the service provider or SDA. JTPA officials told us that allowing participants to make choices about their own training is crucial to success in the program because it fosters participant commitment. While self-selection can have a positive influence on participant commitment, JTPA officials also told us that participants often chose training in stereotypical occupations. Some SDA staff counsel participants about other career options, while other SDA staff believe it best not to attempt to change participant choices.

Participants Steered Toward Limited Options

Performance-based contracts used by most SDAs have inherent financial incentives that can encourage service providers to steer participants into only the training options they provide rather than referring them to other training opportunities. Under these contracts, service providers' payments are based on the number of participants that successfully complete one of their training programs and are placed in a training-related job. Service providers in the SDAs we visited also frequently performed their own outreach and assessment. Because there is no independent assessment of participant needs, service providers have the opportunity to steer participants toward the service provider's own training. SDA officials told us that between 80 and 90 percent of the participants recruited by service providers received training

from that service provider. Many of the service providers provide training in low wage occupations and actively recruit minorities and women. The combination of a lack of an independent assessment process and incentives of performance based contracts contribute to the disparities in service provided to the various demographic groups.

Limited Support Services Also
Restrict Participant Options

The limited availability of support services--such as child care, transportation, and general living expenses--can restrict participant options and thereby contribute to disparities. According to local JTPA officials, in SDAs that provide few support services, segments of the population who have greater need for these services may be limited in the training programs they can attend. For example, some service providers told us they are reluctant to enroll women who lack adequate provisions for child care. These service providers are apparently concerned that such women may not finish the program, which could jeopardize the success rate under their performance-based contract.

Lack of transportation is another factor that can limit access to training for certain groups. Those who have cars or who receive adequate public transportation subsidies may have access to a wider variety of training, while those who do not may be limited to a few options close to their homes. Several JTPA administrators and service providers told us that transportation was a particular problem for minorities living in economically depressed areas. According to JTPA officials we interviewed, urban participants often could not take advantage of desirable training opportunities in the suburbs because they had problems getting to the training sites.

Employer Discrimination Excludes Minorities and Women From Some Training Opportunities

Discriminatory practices by some employers and acquiescence by some JTPA staff may also be contributing to disparities in the distribution of JTPA services to minorities and women. During our focus group discussions and visits to SDAs, several JTPA counselors told us that some employers discriminate against JTPA clients by either subtly or overtly asking counselors not to send them certain types of applicants, such as blacks and women. In some cases, counselors told us that, while employers did not ask them to screen applicants improperly, some employers consistently failed to hire women and minorities referred to them. Some of the counselors said they responded to these discriminatory practices by refusing to work with those employers in the future. Sometimes they first gave employers a warning that such practices would not be tolerated.

However, some counselors told us that they face a dilemma when deciding whether to end a relationship with an employer who appears to be discriminating. SDAs depend on private companies to provide training positions and to hire the graduates of JTPA training activities. During our focus group discussions, counselors said they found it difficult to balance the need to maintain strong ties with employers and their obligation to discourage discriminatory practices. While discrimination could be avoided by rejecting employers that discriminate, this could also eliminate good jobs for other program participants. Some counselors questioned whether they had the right to deny opportunities to these candidates, who were not at fault for employers' discriminatory practices.

INADEQUATE LABOR AND STATE MONITORING

Federal and state monitoring activities are inadequate to identify and address the disparities in the JTPA program. Our review showed that

- Analyses by Labor's Directorate of Civil Rights of a limited number of SDAs identified disparities, but final reports have not been completed and forwarded to the states in a timely manner; and
- Labor and many state JTPA agencies do not maintain data on participant demographic characteristics and activities in a format readily usable for analysis of disparities.

Labor's Directorate of Civil Rights Identified Disparities, but Has Been Slow in Reporting Its Findings

Labor's Directorate of Civil Rights is responsible for monitoring recipients of Department funds, such as JTPA projects, to assure that they comply with civil rights laws and regulations. Despite indications of service disparities in JTPA in many of the states and SDAs it has monitored, the Directorate has been slow to complete its state reports recommending corrective action to address these disparities. According to Directorate officials, limited resources and responsibility for monitoring numerous programs have prevented them from issuing their reports and letters of findings more promptly.

Although the Directorate has made monitoring visits to 26 state JTPA agencies and one SDA in each of these states since 1987, to date it has issued formal reports for only seven states. The Directorate concluded that five of these states were in compliance. In the other two cases, disparities were identified, and the Directorate sent letters to the state JTPA agencies

requesting an explanation for the disparities. Both cases are still pending. An average of 24 months elapsed from the time of the visit until the letter was issued in these seven cases.

Preliminary reviews of the data for the other 19 states indicate that 4 had insufficient data for a disparity analysis, but the other 15 also had disparities, according to a Directorate official. The Directorate has sent interim letters of findings to three of these states; however, it has not issued any report or letter to the other 12 states.

Labor and State Data Not Readily Usable for Disparity Analysis

The data maintained on JTPA participant demographic characteristics and activities vary widely by state. The data that Labor's Employment and Training Administration collects from state JTPA agencies for the JTPA Annual Status Report and the Job Training Quarterly Survey were not designed to identify service disparities. The data in the Annual Status Report cannot be used to monitor disparities because it is not broken down by participants' race and gender in each program activity. The Quarterly Survey could not be used either because the data are available only as a national sample, so that disparities at the local level would be masked by the aggregation of the data.

In collecting the data for our review, we found that only 16 states could provide us with data in a format needed to readily perform analysis for disparities. Officials from Labor's Directorate of Civil Rights told us that they had similar problems obtaining data needed to identify possible disparities. In three of four states we visited, JTPA officials said they paid attention to who got into the JTPA program rather than what services participants received once in the program. In the other state JTPA officials told us they reviewed a sample of participants and the

services provided, and, when they found disparities, they recommended corrective action. Neither Labor nor states had developed a system for analyzing the services SDAs provide to the various demographic groups.

If our subsequent analysis confirms these initial findings, our forthcoming report will make recommendations to the Department of Labor concerning actions to improve its oversight, monitoring, and enforcement of civil rights and equal opportunity in the JTPA program.

Mr. Chairman, that concludes my prepared statement. I will be happy to answer any questions you or other members of the Subcommittee may have.

RELATED GAO PRODUCTS

Amending The Job Training Partnership Act: Inadequate Oversight Among Issues That Need To Be Addressed (GAO/T-HRD-91-28, May 9, 1991).

Job Training Partnership Act: Youth Participant Characteristics, Services, and Outcomes (GAO/HRD-90-46BR, Jan. 24, 1990).

Job Training Partnership Act: Information on Training, Placements, and Wages of Male and Female Participants (GAO/HRD-89-152BR, Sept. 12, 1989).

Job Training Partnership Act: Comments on H.R. 2039, The JTPA Amendments of 1989 (GAO/T-HRD-89-32, June 29, 1989).

Job Training Partnership Act: Services and Outcomes for Participants With Differing Needs (GAO/HRD-89-52, June 9, 1989).

Senate Bill 543: The Job Training Partnership Act Youth Employment Amendments of 1989 (GAO/T-HRD-89-18, May 11, 1989).

Job Training Partnership Act: Participants, Services, and Outcomes (GAO/T-HRD-88-31, Sept. 29, 1988).

Youth Job Training: Problems Measuring Attainment of Employment Competencies, (GAO/HRD-87-33, Feb. 11, 1987).

Job Training Partnership Act: Data Collection Efforts and Needs (HRD-86-69BR, Mar. 31, 1986).

Single copies of these documents are available free of charge from:

U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20877

Orders may be also be placed by calling (202) 275-6241.