

BY THE COMPTROLLER GENERAL

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# Report To The Congress OF THE UNITED STATES

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## Job Corps Should Strengthen Eligibility Requirements And Fully Disclose Performance

The Department of Labor's Job Corps program has serious problems, including the following:

- Little assurance exists that Job Corps is serving only youths who need to be removed from their environment as the Congress intended.
- Inadequate criteria for determining a placement rate and questionable placement data allow Job Corps to depict the program in a very favorable light, but the rate does not provide adequate information to properly assess effectiveness.
- Based on initial steps taken to determine Job Corps' long-term impact on earnings, graduates--while earning more than nongraduates--do not earn enough to break the poverty cycle.

This report includes recommendations to the Secretary of Labor designed to improve the program. Labor agreed to adopt or further consider many of GAO's recommendations and disagreed with others. Labor took issue with some of the facts presented; however, GAO believes they are accurate.

The report's major findings are summarized in chapter 1.



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COMPTROLLER GENERAL OF THE UNITED STATES  
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To the President of the Senate and the  
Speaker of the House of Representatives

*CWO φφφφ!*

This report points out some serious problems in Job Corps' recruiting process as well as in its preparation and reporting of job placement information. In addition, it questions the program's long-term economic impact on youths. The Job Corps program is administered by the Department of Labor under the Comprehensive Employment and Training Act of 1973. We made this review to determine whether Job Corps was effectively enhancing the employability of its target population.

We are sending copies of this report to the Director, Office of Management and Budget, and the Secretary of Labor.

*R. G. Kimm*  
ACTING Comptroller General  
of the United States

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ABBREVIATIONS

CETA	Comprehensive Employment and Training Act
GAO	General Accounting Office

## CHAPTER 1

### JOB CORPS--A PROGRAM WITH PROBLEMS

Job Corps, to better serve youths, should

--correct some serious problems in the recruiting process,

--prepare and report better and more comprehensive placement information, and

--evaluate its impact on terminees' long-term earnings.

The program, established in 1964, received almost half a billion dollars in fiscal year 1978 to help economically disadvantaged youths to become more responsible, employable, and productive citizens.

Our major findings are discussed briefly below.

#### RECRUITING PROBLEMS

The Congress intended Job Corps to be a unique, last resort for youths who have to be removed from a home environment that impairs their prospects for successfully participating in an alternative training or education program in the home community. In practice, little of this uniqueness exists because the requirements issued by Job Corps to establish a youth's need to be removed from the home environment are so broad that nearly any disadvantaged youth can qualify. In fact, the requirements are so broad that (1) eligibility determinations are not very meaningful in identifying the target population and (2) they actually preclude the need to consider alternative programs. Consequently, little assurance exists that the program is serving the intended target population. (See pp. 8 to 12.)

To determine whether a youth needs to be removed from the home environment, a Job Corps recruiter must check any two of four environmental factors listed on the Job Corps application. Our review of applications for a random sample of youths admitted to Job Corps showed a high incidence of factors checked which related more to economic conditions than home environment. One factor is so broad that, as of October 1978, it could be checked for any economically disadvantaged youth residing in 70 percent of the Nation's counties, including seven entire States. (See pp. 8 to 10.)

Nearly 60 percent of the Job Corps recruiters interviewed told us that they do not determine whether a youth needs to be removed from the home environment. Most said that if the youth wants to go to Job Corps they will process an application. According to 78 percent of the recruiters, they do not consider other programs when determining applicants' Job Corps eligibility. According to Labor regional officials, they seldom monitor recruiters' eligibility determinations. (See pp. 10 to 12.)

Job Corps' system of financial rewards and quotas provides no encouragement for recruiters to consider alternative programs. Job Corps pays recruiters--in some cases on a per capita basis--to recruit only for its program. Furthermore, regional officials told us that they evaluate recruiters by comparing quotas with actual performance, which could encourage recruiters to refer youths to Job Corps even though another program could better serve the youths' needs. (See p. 14.)

Improvements in recruiting youths and assigning them to Job Corps centers to better serve their needs could help to reduce the large early dropout problem which has plagued Job Corps for years. Historically, about 70 percent of all youths who enter Job Corps do not graduate. Because recruiters often do not have current and complete information on Job Corps centers, they cannot fully inform youths about the program. Interests and aptitudes are seldom determined and used in assigning youths to centers and specific training. In the few instances where aptitudes and interests were being considered, the centers experienced lower than average dropout rates. (See pp. 17 to 19.) These findings and their accompanying conclusions and recommendations are in chapter 2.

#### PROBLEMS WITH PLACEMENT RATE

Job Corps' placement rate does not provide the Congress or management with adequate information to properly assess program effectiveness. The criteria used to determine the placement rate results in the program being depicted in a very favorable light. For fiscal years 1974 through 1978, the placement rate was 90 percent or more. However, this rate could be misleading to someone not intimately familiar with the placement rate criteria, and Job Corps has failed to fully disclose what the rate represents. (See pp. 24 to 26.)

As computed by Job Corps, the placement rate

--is not based on all terminees,

--includes placements of youths who stay in the program for a short time,

--includes placements of youths who have been out of the program for extended periods, and

--includes part-time and temporary placements.

In addition, Job Corps excludes persons from its placement rate calculations (1) about whom placement information is lacking and (2) whose placement information indicates that they are unavailable for placement. Job Corps considers a terminee to be unavailable for placement if the youth could not be located, had returned to Job Corps, was ill or confined, or was a female fulfilling full-time family responsibilities. (See p. 25.)

We analyzed placement data for about 49,000 youths who left the program during calendar year 1975. Only 36 percent of these youths had been in Job Corps at least 30 days and were placed. In addition, after about 2 years, Job Corps still had not received placement information for over 9,000 (19 percent) of the 1975 terminees. (See p. 28.)

The reliability of the data used to compute a placement rate is questionable. For example, in response to our request, employers and school officials could not verify the placement of almost one-fourth of a sample of reported placements. In addition, we were unable to locate employers or schools where 14 percent of our sample had reportedly been placed. Neither the applicable Labor region nor the placement agency was able to provide other addresses where these employers or schools might be found. Generally, Job Corps does not verify reported placements. (See pp. 29 to 32.) These findings and their accompanying conclusions and recommendations are in chapter 3.

#### POST-JOB CORPS EARNINGS RAISE QUESTIONS ABOUT PROGRAM IMPACT

More than half a million youths have participated in the Job Corps program, but little is known about how well they have done in the labor market. Several initial steps which we took to measure Job Corps' longer term labor market impact

raise concern over whether Job Corps is achieving its goal of improving lifetime earnings prospects sufficiently to break the poverty cycle. For example, of persons leaving Job Corps in 1972, 47 percent of the graduates and 66 percent of the nongraduates earned \$2,000 or less during 1976. Of those who left in 1973 through 1975, similar percentages of graduates and nongraduates had similar reported earnings in 1976. (See pp. 36 and 37.)

Earnings data indicate that graduates earned more than nongraduates. These higher earnings were realized in the year after the youths left Job Corps and continued during later years included in our analysis. Job Corps may have been instrumental in providing the skills and motivation leading to the higher earnings of graduates; however, only 27 percent of the youths in our analysis were graduates. (See pp. 38 and 39.) These findings and their accompanying conclusions and recommendation are in chapter 4.

#### WHAT IS JOB CORPS?

Job Corps, like several other Federal employment and training programs, is designed to serve economically disadvantaged youths ages 14 to 22. The significant difference between Job Corps and other programs, however, is that it is designed primarily to serve youths who need a residential program rather than some other program in the home community.

The program was created by title I, part A, of the Economic Opportunity Act of 1964, as amended (Public Law 88-452, Aug. 20, 1964), and continued by title IV of the Comprehensive Employment and Training Act (CETA) of 1973, as amended (29 U.S.C.A. 923).

Originally administered by the Office of Economic Opportunity, Job Corps was transferred in July 1969 to the Department of Labor. Within Labor's Employment and Training Administration, the Director of Job Corps is responsible for providing leadership and overall direction and guidance for program administration. The program operates through the 10 Labor regional offices, each with an administrator responsible for Job Corps operations in that region. 1/

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1/Effective March 5, 1979, the Employment and Training Administration modified organizational responsibilities by giving the Job Corps Director more control over program operations.

Job Corps' objective is to help youths become responsible adults by preparing them to obtain and keep productive jobs, return to school, obtain further training, or enter the Armed Forces. The program provides basic education, preparation for the high school equivalency certificate, vocational training, work experience, counseling, and other instruction. A wide variety of vocational offerings are provided. Most are in automotive and construction trades, building and industrial maintenance, culinary arts, interior decorating, and welding occupations.

As of September 30, 1978, training was being provided to about 26,000 youths at 66 centers with capacities ranging from 64 to 2,600 participants. The centers were located in 32 States and Puerto Rico. This included 28 civilian conservation centers operated by the Departments of Agriculture and the Interior; 36 centers operated under contract with business firms, nonprofit organizations, and State and local government agencies; and 2 extension centers operated by labor unions.

Job Corps has undergone many changes since it began. For example, in 1967 a nonresidential (commuter) segment was authorized, primarily to reduce the program's high cost. As of September 30, 1977, nonresidential training slots represented 6 percent of the program's total capacity. Concepts in the operation of Job Corps centers have also changed. During the 1960s, centers had either solely male or female participants and generally provided training themselves. During the 1970s, centers became coeducational and began to contract with outside programs to train some Job Corps participants. Also, Job Corps began to train participants from other programs.

Job Corps' training capacity has fluctuated widely. In fiscal year 1967, the program had the capacity to serve about 43,000 participants. By fiscal year 1970 the capacity had been reduced to about 20,000. The program remained slightly above this level until the Congress passed the Economic Stimulus Appropriations Act of 1977 (Public Law 95-29, May 13, 1977), which authorized Job Corps to begin expanding the program to 44,000 training slots. As a result, Job Corps has expanded the capacity of some existing centers and is opening about 50 new ones.

Between 1966 and 1978, Job Corps' funding ranged from \$151 million in fiscal year 1974 to \$487 million in fiscal year 1978.

### WHAT DOES JOB CORPS COST?

Because of the costs associated with a residential program, Job Corps is expensive. Job Corps provides participants with ancillary services, such as lodging, food, health care, clothing, and recreational services. In fiscal year 1977, the cost per training slot was about \$10,100. In contrast, for the same period Federal expenditures for nonresidential training programs funded under title I of CETA were about \$4,350 per slot. Just over half of the participants served by CETA title I programs were under 22 years of age, and 78 percent were economically disadvantaged. The estimated costs for nonresidential youth employment and training programs created by the Youth Employment and Demonstration Projects Act of 1977 (29 U.S.C.A. 801 note) are between \$5,000 and \$8,000 annually per slot.

### HOW ARE YOUTHS RECRUITED AND ENROLLED?

Job Corps pays various public and private agencies to recruit youths. State employment security agencies do most of the recruiting, but Job Corps also pays other organizations--such as Women in Community Service, Inc., a coalition of women's organizations interested in the welfare of young women--to recruit. These agencies are responsible for developing referral sources, actively seeking out potential applicants, and identifying likely Job Corps candidates. The agencies are also responsible for determining whether the individuals' educational, vocational, and other placement-related needs can best be met through Job Corps or through an alternative program in the home community.

The applicable Labor regional office is to review all applications received from recruiters to determine which applicants are eligible. The regional offices assign those youths accepted into the program to specific Job Corps centers.

### WHAT ARE JOB CORPS' ELIGIBILITY REQUIREMENTS?

To be eligible for Job Corps, a young person must meet technical eligibility requirements, such as age, income, and school status. The authorizing legislation also requires the individual to be someone who

"\* \* \* is economically disadvantaged or is a member of a family which is economically disadvantaged, and who requires additional education, training, or intensive counseling and related assistance in order to secure and hold meaningful employment, participate successfully in regular school work, qualify for other suitable training programs, or satisfy Armed Forces requirements;

"\* \* \* is currently living in an environment so characterized by cultural deprivation, a disruptive homelife, or other disorienting conditions as to substantially impair prospects for successful participation in other programs providing needed training, education, or assistance \* \* \*"

These eligibility requirements make clear that the Congress intended Job Corps to be a unique last resort program.

#### SCOPE OF REVIEW

We made our review at Labor headquarters in Washington, D.C., and at 5 of Labor's 10 regional offices: Dallas, New York City, Philadelphia, San Francisco, and Seattle. These regions are responsible for the operation of the Job Corps program in 20 States, the District of Columbia, Puerto Rico, and the Virgin Islands.

We reviewed legislation and regulations related to the Job Corps program and interviewed Labor officials. We visited and interviewed officials at 12 Job Corps centers, selected recruitment and placement agencies, and other training programs serving the disadvantaged. (See app. I.) The 12 centers visited provided a cross section of the various types of centers and operators. They included contract and conservation centers, urban and rural centers, centers that were predominantly male or female, and centers with residential and nonresidential components. We interviewed a random sample of participants at the centers. We also analyzed annual earnings data obtained from the Social Security Administration for about 40,000 youths who left Job Corps during the last 3 months of 1972 through 1975.

## CHAPTER 2

### JOB CORPS RECRUITING SHOULD BE MORE

### SELECTIVE AND ORIENTED TOWARD MEETING

### PARTICIPANTS' NEEDS

Job Corps needs to tighten its broad eligibility requirements and modify its recruiting and center assignment practices to better serve youths who need the program's unique services. The current program has little assurance that it serves only the select type of youths that the Congress intended. Furthermore, recruiters do not determine which training program best serves a youth's needs.

### ELIGIBILITY REQUIREMENTS TOO BROAD TO ASSURE COMPLIANCE WITH PROGRAM INTENT

Almost 60 percent of the Job Corps recruiters we talked to said they do not determine whether a youth's environment substantially impairs prospects for successful participation in other programs. In fact, eligibility requirements established by Job Corps are so broad that eligibility determinations are not very meaningful in identifying the target population. Consequently, youths enter the program without any meaningful determination that their home environment is harmful and without any consideration being given to whether their needs could best be met through an alternative program in their home community.

### No meaningful determination of harm to the individual from home environment

To enable the Job Corps recruiter to determine whether a youth must be removed from the home environment, Job Corps developed and disseminated to its recruiters through the "Job Corps Screening and Admissions Guide" the following four environmental factors.

1. Substandard living conditions--a dwelling which is unsafe, unhealthy, overcrowded, or located in an area of substantial unemployment as defined by Labor. A dwelling located in an area designated for assistance by the Department of Commerce's Economic Development Administration or designated

as a target area by a State or local government because of a high unemployment rate, a high proportion of poor families, a high crime rate, or similar reasons.

2. Deficient or disruptive home--a foster home, orphanage, or other protective institution or a youth who suffers from serious parental neglect; or has a parent who is a chronic invalid, alcoholic, narcotics addict; or suffers from a serious health condition.
3. Potentially harmful spare time activities--habitual association with individuals who are frequently in trouble with the law or engage in thievery, vandalism, gang fights, or gambling.
4. Limited job opportunities--inability to find meaningful employment because such possibilities are limited in the community, or because of the youth's background.

Applicants must meet at least two of these factors to be eligible for the program.

We randomly selected and reviewed the application forms of 514 youths enrolled in the 12 Job Corps centers we visited to determine which environmental factors had been checked by recruiters. "Limited job opportunities" was checked on 473 (92 percent) of the applications, while "substandard living conditions" was checked on 248 (48 percent). These two factors appear to relate more to economic conditions than a need to remove a youth from the home environment.

Considering today's labor market and the Nation's teenage unemployment problem (16.6 percent in September 1978 for all teenagers), "limited job opportunities" may indicate a need for a youth employment or training program, but should not serve as a major factor in determining whether youths need to be removed from their homes and placed in a residential training program.

"Substandard living conditions" is defined in part as any area designated for assistance by the Economic Development Administration. As of October 1978, that agency had so designated about 70 percent of the counties in the United States, including seven entire States. We do not believe

that residency in 70 percent of the Nation's counties should serve as a major factor in justifying the removal of disadvantaged youths from their homes for training.

To determine how Job Corps recruiters apply the environmental factors, we asked 36 recruiters representing 13 agencies how they determine whether a youth needs to be removed from the home environment. Nearly 60 percent of the recruiters responded that they made no determination, as shown below.

<u>How is determination made?</u>	<u>Recruiters' responses</u>	
	<u>Number</u>	<u>Percent</u>
Determination not made	21	58
Interview with applicant	6	17
Interview with parents, case- worker, or other authority	5	14
Personal knowledge of area	3	8
Youth must be from broken home	<u>1</u>	<u>3</u>
Total	<u>36</u>	<u>100</u>

Of the 21 recruiters who made no determination, 19 told us that if the youth wants to go to Job Corps they will process an application. Another recruiter said that he was unaware that the need to be removed from the home environment was a requirement. Still another recruiter thought the Labor regional office made the decision.

It should be noted, however, that environmental factors are so broad that they do not provide a meaningful determination that the home environment is harmful. This was borne out by information obtained from corpsmember interviews. To determine the kind of information recruiters seek from applicants, we interviewed 441 randomly selected youths residing at 12 Job Corps centers. About half (220) recalled that the recruiter either questioned them about spare time activities or problems they may have had at home (226), and 68 (15 percent) said that they were asked to describe their home life. Almost half (218) of the youths said that there was no need to leave their home environment to do well in a training program.

Generally, recruiters envisioned their role as one of selling the program to youths. This is not surprising since almost all are paid (some on a per capita basis) to recruit solely for Job Corps and not for other programs. A State

employment agency recruiting coordinator told us that he instructs his recruiters to counsel youths into Job Corps, not out.

Labor regional offices generally do little monitoring to assure that recruiting agencies are making proper eligibility determinations. Officials in New York and Seattle told us that staff limitations have prevented them from monitoring recruiters. A Philadelphia official said his office does not routinely monitor recruiters unless one has a problem in getting enough applicants. San Francisco officials said they review recruiters' files but do not question a recruiter's judgment that a youth needs to be removed. According to Dallas officials, they monitor recruiters by making routine field visits. Dallas trip reports, however, did not show that the region monitors recruiters' eligibility determinations.

Broad eligibility requirements  
preclude the need to consider  
whether alternative programs could  
best meet an individual's needs

Although the authorizing legislation requires that each applicant be interviewed to determine whether educational and vocational needs can best be met through Job Corps or an alternative program in the home community, the broad environmental factors preclude the need to make this determination. Moreover, Job Corps does not require recruiters to test applicants' aptitudes or ask about their vocational interests. Thus, it is not surprising that most recruiters do not consider whether an individual's needs could best be met by an alternative program.

As previously mentioned, nearly 60 percent of the recruiters we talked to told us that they do not determine whether a youth needs to be removed from the home environment. This determination, however, is often automatically made when recruiters check off two of the four environmental factors listed on the application form. This checkoff, in effect, eliminates the need for the recruiter to consider alternative programs.

In fact, 28 (78 percent) of the 36 recruiters interviewed told us that they do not routinely consider other programs when determining applicants' eligibility for Job Corps. Nineteen of the 28 recruiters told us that they consider other programs only for youths who are turned down for Job Corps,

primarily those with behavioral or medical problems and those who fail to meet technical eligibility requirements, such as age or legal residence. The other nine recruiters said that, since they recruit only for Job Corps, they were not responsible for considering alternative training programs for Job Corps applicants.

The recruiters' failure to consider Job Corps applicants for other programs was further substantiated by our interviews with Job Corps participants. We asked the 441 participants if they had knowledge of other programs. Only 117 (27 percent) said they did. We also asked them if recruiters had discussed alternative programs with them, and only 72 (16 percent) replied yes.

Labor regional offices do not emphasize to recruiters that other programs may be alternatives. Only one of the five regional offices told us that it provides recruiters with information on other programs. However, officials of that region told us the information was furnished to enable recruiters to explain the benefits of Job Corps over other programs.

#### Availability of other programs

Since the beginning of Job Corps in 1964, the number and size of programs available to train youths have greatly increased. In 1964, Federal manpower programs had 27,000 positions for youths; in fiscal year 1977, CETA programs served about 2 million youths. In addition, the Youth Employment and Demonstration Projects Act of 1977, which amended CETA, created about 200,000 additional slots.

Various national programs operating outside the CETA system also serve many youths. For example, the Vocational Education Amendments of 1968 (20 U.S.C. 2301), which established special programs for the academically and socioeconomically disadvantaged, serve more than 1.4 million disadvantaged youths each year. Most of these programs are non-residential and community based. Not all offer both academic and vocational training as Job Corps does. However, they share with Job Corps the objective of providing disadvantaged youths with the skills and knowledge necessary to succeed in employment.

We contacted 33 officials responsible for a variety of nonresidential, community-based youth training programs--alternatives available for consideration by Job Corps

recruiters. About 75 percent of the officials thought their programs were serving the same type of youth as Job Corps.

One example is 70001 Ltd., an employment and training program which receives both public and private funding. According to a program official, it has served over 10,000 high school dropouts since 1969. The program, which serves youths between the ages of 16 and 22, emphasizes the need to obtain a high school equivalency certificate. Its education and counseling activities are vocationally oriented toward a goal of job placement in unsubsidized employment. As of March 1978, 70001 was operating at 33 locations in 17 States. Plans called for adding 15 locations within a year.

Eligibility problems  
have been cited before

Eligibility problems have been cited in previous reports issued by us and Labor. Our 1969 report "Review of Economic Opportunity Programs" (B-130515, Mar. 18, 1969) stated that Job Corps recruiters were accepting youths without determining whether they had to be removed from their environment or whether Job Corps was the most appropriate training program to meet their needs. This condition existed primarily because (1) program emphasis was on meeting recruiting quotas, (2) recruiters were not familiar with other programs, (3) recruiters did not question the wisdom of the youth's choice to participate in Job Corps, and (4) Job Corps did not monitor its recruiters. In addition to our report, Labor-funded studies raised the same issues. 1/

Labor's "Evaluation Study of Job Corps Residential Manpower Centers" stated that individuals meeting the technical eligibility requirements, such as age, poverty, and school dropout status, can apparently be accepted in Job Corps without too much regard for their home environment or need for residential support. The report also stated that Job Corps' Screening and Admissions Guide provided some guidance for

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1/"Evaluation of the Effectiveness of Pre- and Post-Enrollment Services to Job Corps Enrollees," August 1972, prepared by UNCO, Inc., under contract to Labor. "Evaluation Study of Job Corps Residential Manpower Centers," June 1975, prepared by Labor's Office of Policy, Evaluation and Research.

determining environmental factors related to need for residential support, but that almost any disadvantaged youth is able to qualify.

After this report, Job Corps required that applicants meet two rather than one of the four environmental factors. More stringent requirements, however, were not developed.

#### RECRUITING PRACTICES FAIL TO ASSURE COMPLIANCE WITH PROGRAM INTENT

Job Corps establishes recruiting quotas to maintain program capacity and to evaluate recruiting agency performance. In some cases, Job Corps pays the recruiting agency on a per capita basis for each youth enrolled in the program. To illustrate, five recruiting agencies in one Labor region received a fixed payment ranging from \$107 to \$202 for each youth recruited in fiscal year 1977. Job Corps pays other recruiting agencies a fixed amount deemed necessary to recruit an established quota of youths.

No financial incentive exists for Job Corps recruiters to refer youths to other programs because they are paid to recruit only for Job Corps. Furthermore, officials in each of the five Labor regional offices we visited stated that they evaluate recruiters principally by comparing quotas with actual performance. This may explain, in part, why Job Corps recruiters place little emphasis on considering alternative programs for applicants. (See p. 11.) While we recognize that a quota-type system may be necessary to assure that Job Corps centers operate at or near capacity, such a system could encourage recruiters to refer youths to Job Corps when their needs could be met by an alternative program in the home community.

An official from Labor's San Francisco regional office told us that a proliferation of youth training programs, including Job Corps, are competing for the same youths. Consequently, in early 1978 San Francisco conducted a series of workshops for its recruiters which emphasized the importance of an outreach program aimed at keeping Job Corps centers operating at or near capacity. The workshop included a section entitled "Selling Job Corps" and a presentation on other youth programs to help recruiters explain to applicants how Job Corps benefits are greater than those of other programs. The regional official stated that Job Corps had to put more effort into recruiting because some other

programs paid \$2.65 per hour (the Federal minimum wage in 1978). During our fieldwork, Job Corps paid youths \$30 to \$50 monthly plus allowances.

Recruitment of high school graduates and students without required justification

Labor's regulations require that recruiters prepare and submit to the regional office a justification requesting a waiver for the enrollment of a high school graduate or student. We reviewed the pre-Job Corps student status of 514 randomly selected youths attending the 12 Job Corps centers we visited. We noted that 74 (75 percent) of the 99 applications showing the youth was either a high school graduate (72) or a student (27) did not indicate that the recruiter had requested the required waiver from the regional office.

The House Committee on Education and Labor commented on the enrollment of high school graduates in its report (H. Rept. 1458, 88th Cong., 2nd Sess. (1964)) on the Economic Opportunity Act of 1964.

"\* \* \* high school graduates may also be enrolled in exceptional circumstances, such as failure to pass the selective service mental achievement examination, or other evidence of failure to meet academic achievement necessary for job placement."

According to the Job Corps Screening and Admissions Guide, high school graduates are not ordinarily eligible for Job Corps. Their acceptance must be justified. The justification procedure allows recruiters to show that high school graduates actually do need additional education and related assistance to qualify for other training programs or satisfy Armed Forces requirements.

Of the 72 applications showing that the youth was a high school graduate, 55 did not indicate that the recruiter had requested the required waiver from the Labor regional office. We did not determine whether the regional office would have granted a waiver had one been requested. However, an official at one regional office told us that the region had eliminated the waiver requirement for high school graduates to increase the number of youths recruited. The official explained that a youth with a high school diploma may still need Job Corps.

Similar to the procedure for high school graduates, Labor regulations require recruiters to obtain a waiver from a Labor regional office for any applicant still in school. This requirement is designed to discourage the enrollment of youths who drop out of school to join the program. Of the 27 applications showing that the youths were still in school, 19 did not indicate that the recruiter had requested the required waiver from the regional office.

Job Corps can be an attractive alternative to students because it allows them to obtain a high school diploma while getting paid to do so. One center official told us that he sometimes visits local schools to inform youths about Job Corps and its benefits. Some of Labor's recruiting literature emphasizes the benefits of Job Corps over school. For example, the following quote from a Job Corps participant was contained in a special edition of a Job Corps newsletter.

"You can go to high school for 3 years and never accomplish much. But you can go to school here 9 months and get your GED [General Educational Development certificate] and a trade. It would take 2 to 3 more years to get that outside."

The Congress did not intend a last resort training program, such as Job Corps, to be an acceptable substitute for the traditional education system. The Senate Committee on Appropriations, in its report on fiscal year 1979 appropriations, expressed concern that students in vocational education programs were being enticed "to quit school and take CETA or Youth Job positions." The Committee directed the Secretaries of Labor and Health, Education, and Welfare to make a thorough review to determine whether the condition existed. In December 1978, the Secretaries reported to the Committee Chairman that their investigation did not identify any specific cases of youths being lured from school. According to the Secretaries' report, the agencies interviewed representatives of local education agencies, the Employment Service, and Job Corps centers, among others. Notwithstanding this determination, we believe Labor should make certain that recruiting literature does not imply that youths should leave school to participate in Job Corps.

JOB CORPS NEEDS TO IMPROVE RECRUITING  
AND ASSIGNING PROCESS TO BETTER  
MEET INDIVIDUALS' NEEDS

Historically, about 70 percent of all youths who enter Job Corps do not graduate. A graduate is a youth who has (1) satisfactorily completed a Job Corps center's skill training program, (2) received a high school diploma or equivalency certificate and been accepted into other training, or (3) entered the Armed Forces.

A factor critical to Job Corps' success is the retention of youths long enough for them to receive some benefits from the program. As shown below, most youths who drop out of the program leave within 90 days.

<u>Fiscal year</u>	<u>Dropped out within 90 days</u>	<u>Dropped out after 90 days</u>	<u>Graduated</u>
	----- (Percent) -----		
1973	44	28	28
1974	48	26	26
1975	50	26	24
1976	44	27	29
1977	41	28	31
1978	43	30	27

Job Corps data indicate that youths stayed in the program an average of 4.8 months in fiscal year 1975, 5.4 months in fiscal year 1976, 5.9 months in fiscal year 1977, and 5.6 months in fiscal year 1978. Job Corps has attributed improved retention to its heavy emphasis on retaining participants and sustained high unemployment rates for youths.

Assignment to a center is mainly based on center openings and proximity to the youth's home. Although Labor regional offices are responsible for assigning youths to centers, the regions are generally unaware of an applicant's vocational interest because recruiters do not enter it on the youth's application. In the 1960s, Job Corps attempted to assign youths to centers based on vocational interest. Headquarters officials told us that this created problems because some centers had waiting lists while others had openings. As a solution, Job Corps instructed recruiters not to promise youths specific types of training and not to show the youth's vocational interest on the application.

Of the five Labor regional offices we visited, only Seattle attempts to make assignments by matching a youth's interests with a center's offerings. This consideration may be beneficial since four of the five centers to which Seattle makes assignments had lower 90-day dropout rates than Job Corps' national average in fiscal year 1977. The San Jose center was the only center visited that administers a vocational aptitude test and attempts to use the results in assigning youths. Interestingly, San Jose had the third lowest 90-day dropout rate of all Job Corps centers in fiscal year 1977.

CETA requires that each applicant be given a full understanding of the Job Corps program before enrollment. However, recruiters often cannot do this because they do not have current and complete information about Job Corps and its centers. A State employment service official responsible for Job Corps recruiting in New Jersey told us that the New York regional office provides little information on vocational offerings or other programs available at centers. He said that outdated information is provided. According to a New York City recruiter, the information provided by the region is outdated and sometimes inaccurate. Six California Job Corps recruiters said they did not have reliable information on center vocational offerings. They felt such information was necessary to give applicants a clear understanding of Job Corps.

To determine whether youths felt they were being fully informed by recruiters, we asked 441 participants at the 12 centers whether certain Job Corps-related issues were discussed by recruiters. As shown below, the participants felt that some issues were discussed infrequently. For example, almost half of the youths told us that their recruiter did not discuss vocational training--a major aspect of the Job Corps program.

<u>Issue</u>	<u>Percentage of instances issue was not discussed by recruiter</u>
Pay	22
Recreation	32
Center location	32
Sleeping accommodations	32
Other enrollees	33
Education	41
Privileges	46
Vocational training	48
Discipline	53
Food	57
Living conditions	62

Poor recruiting practices have been linked to Job Corps' dropout problem in several previous studies funded by Labor. In 1972-73, the General Services Administration's National Archives and Records Service studied the Job Corps dropout problem and concluded that dropouts could be reduced. The Service recommended that Job Corps establish a preventive intervention program beginning with recruiters who must have current information on centers' programs, facilities, and regulations and who must receive feedback on dropouts. Labor's 1975 evaluation study generally repeated this recommendation. However, a Job Corps headquarters official told us that no action has been taken on either study's recommendations because staff and funding were not available. Recent funding increases have been used for other purposes.

### CONCLUSIONS

A stringent effort is needed to assure that Job Corps serves only the disadvantaged population that the Congress intended, and serves it well.

To start, Job Corps needs to tighten its eligibility requirements for determining whether a youth must be removed from the home environment to succeed in training. Such requirements would assure that costly residential training is provided only to those with a demonstrated need while others are referred to more appropriate programs. Furthermore, Job Corps should monitor its recruiters to assure that eligibility determinations are proper. Should monitoring not prove effective in bringing this about, Labor may need to establish a uniform intake process for all of its youth employment and training programs. Such a process would provide recruiters with the incentive to refer youths to the most appropriate program. This process could also aid the executive branch and the Congress in determining funding for these programs. For example, if some programs are continuously at or above capacity while others are substantially underenrolled, the executive branch and the Congress could use this information as a benchmark for funding.

Because Job Corps is a last resort training program, there should be a concerted effort to provide the best possible service to eligible youths. As a minimum, youths' interests should be considered in making assignments. Furthermore, the use of aptitude tests in the recruiting process could be explored. We recognize that testing experts and educators often disagree on the adequacy of such tests, but we believe that test results could be a useful indicator

of proper assignments. Better communication and coordination have to be developed between Job Corps and recruiters to assure that applicants receive complete information on the program. Improved service to youths could help reduce the program's high dropout rate and further improve the average length of stay.

#### RECOMMENDATIONS

We recommend that the Secretary of Labor:

- Establish specific guidelines in accordance with congressional intent to enable recruiters to identify youths who need a residential program to successfully participate in training.
- Monitor to see that recruiters (1) properly determine eligibility and (2) give applicants a full understanding of the program and information on what will be expected of them.
- If monitoring is ineffective, determine the feasibility of a uniform intake process to serve all Labor employment and training programs for youths.
- Explore the use of vocational skills aptitude testing as part of the recruiting process, using test information as much as possible to (1) assign enrollees to centers and vocational courses based on their abilities and interests and (2) assess the allocation of slots to each vocational offering.

#### AGENCY COMMENTS AND OUR EVALUATION

In a May 1, 1979, letter (see app. III) Labor said that our recommendation for establishing specific eligibility guidelines in accordance with congressional intent was a subject for further consideration. Labor reiterated the four broad environmental factors now used and noted that the costs would be prohibitive, especially in rural areas, if Job Corps recruiters traveled to each applicant's home to view the environment. Labor also noted that economic conditions which contribute to being disadvantaged are not barriers to Job Corps enrollment.

Labor has failed to recognize that the broad guidelines now used by recruiters do not necessarily identify youths who need Job Corps' residential program. The law is quite clear:

Job Corps is designed primarily for youths who need to be removed from their home environment. We share Labor's concern with costs, but believe that the needs of the target population should be paramount. We would hasten to add the possibility that Federal funds are being used ineffectively when Labor cannot assure that this expensive program is serving only its intended population. Furthermore, youths needing a residential program might be identified with something less than a visit to each applicant's home. With stricter guidelines only those needing this costly last resort program should be accepted. Labor cannot provide that assurance under present conditions.

Also, we did not report, as implied by Labor, that poor economic conditions are a barrier to Job Corps participation. Nor do we agree with Labor's assertion that poor economic conditions lead to poor environmental conditions which qualify a youth for Job Corps. If this were true, every economically disadvantaged youth would be eligible for this last resort program.

Labor attempted to justify its present use of the broad environmental factors by stating that participant characteristics indicate that the same type of youths were being served in 1978 as in 1968. This is not surprising since we reported on the same eligibility problems in our 1969 report.

Labor said that it is in the Government's best interest to ensure that all Job Corps centers are utilized to the maximum extent feasible. Labor evaded the main issue. It failed to address the problem of Job Corps recruiters' lack of financial incentive to refer youths to other programs which may be more appropriate for their needs. Labor should not emphasize keeping its centers filled at the expense of unnecessarily disrupting the lives of young people.

Labor commented that, recognizing that the traditional education system does not work for all youths, many Job Corps recruiters had developed excellent and effective referral resources within the school system to identify youths who are about to drop out or have just dropped out of school. However, Labor was unable to provide any documentation to support this position. Labor officials told us that this statement represents their perception based on day-to-day operations. Nonetheless, we would like to point out that dropping out of school does not, in itself, indicate a need for the Job Corps' residential program.

Labor also commented that most participants have chosen Job Corps over other available programs because they perceived it as more beneficial due to its reputation of being a highly structured vocational/educational program. Again, this statement is supported largely by Job Corps' officials views rather than an objective study.

Labor said that our draft report indicated that Job Corps deliberately entices unsuspecting students who would otherwise be intent upon staying in school. We do not understand the basis for this conclusion. We reported that applications for in-school youths indicate that they were accepted into the program without the required justification. Furthermore, we cited a report by Labor and the Department of Health, Education, and Welfare which did not identify any specific cases of youths being lured out of school.

Regarding the example we used to illustrate that recruiting literature emphasizes the benefits of Job Corps over school (see p. 16), Labor said the statement was taken out of context and did not represent the Department's official policy or position. Labor said that the statement represented the perception of a Job Corps participant. Nevertheless, Labor chose to publicize this perception by including it in its recruiting literature.

Labor said that it would adopt our recommendation to monitor and assure that recruiters properly determine eligibility and give applicants a full understanding of the program.

Labor cited a study by one of its contractors which produced findings in opposition to ours. Based on a review of the study, we disagree that the findings are contradictory. The Labor contractor reported that participants seem to obtain accurate information and do not appear to be misinformed. We reported that Job Corps recruiters failed to discuss some aspects of the program with applicants, not that recruiters are providing inaccurate information or misinforming applicants.

Labor concurred with our recommendation to determine the feasibility of a uniform intake program to serve all Labor employment and training programs for youth and said that the Secretary is reviewing the feasibility of a uniform CETA intake system.

Labor said that it would not adopt our recommendation to explore the use of vocational skills aptitude testing. It said that such tests would cost time and money; would have to be interpreted by qualified, trained counselors; and are considered by some experts to have limited value as a predictor of occupational success. Labor feels that Job Corps' Occupational Exploration Program, which includes a classroom presentation and a hands-on experience for each vocational program offered at a center, provides the best opportunity for a youth to explore vocational offerings.

Obviously, costs should be considered. They should be considered not only in terms of administering and interpreting the tests, but also in terms of not administering them. The failure to administer the tests could result in a continuing high dropout rate. Additionally, youths might not receive the full benefit of the program if placed in a vocational course not suited to their aptitudes. It is unfortunate for society in general and for Job Corps applicants in particular that Labor refuses to fully consider applicants' interests and aptitudes before assigning them to a center. Once a youth arrives at a center, the occupational exploration is limited to that center's offerings. The youth's assignment to a particular vocational offering is limited even further by the availability of slots. Labor acknowledged that not getting the first vocational choice was one of several reasons why youths may drop out of the program.

We find it difficult to reconcile Labor's position on aptitude tests for Job Corps applicants with its support of a demonstration program to test the feasibility of consolidating youth programs. According to a Labor document, an essential element of the demonstration is an employability development plan for each participant, to be developed with the assistance of the youth after testing and interviewing by a counselor to identify a youth's capabilities, needs, and objectives. We fail to see why this approach cannot also be explored for Job Corps applicants.

### CHAPTER 3

#### JOB CORPS' PORTRAYAL OF ITS EFFECTIVENESS IS OVERSTATED--FULL DISCLOSURE IS NEEDED IN REPORTING PLACEMENT RATE

A principal gauge used by Job Corps to measure program effectiveness is the placement rate. As defined by Job Corps, placement is

- regular employment or an on-the-job, wage-paying training program;
- participation in the Armed Forces;
- enrollment in a regular academic (school) or institutional training program; or
- acceptance into a voluntary community services program, such as the Peace Corps.

Job Corps has reported an annual placement rate of 90 percent or more for fiscal years 1974 through 1978. This rate, however, does not provide adequate information to properly assess Job Corps' effectiveness. Furthermore, inadequate criteria for determining the placement rate and questionable placement data overstate placement performance.

#### PLACEMENT RATE CRITERIA INADEQUATE

According to Job Corps regulations, the program's overall objective is to enhance each participant's employability and placement in a job or other program. Placement services are provided by public and private agencies, such as the Employment Service, or other organizations. Job Corps pays these agencies to make efforts to place program trainees and to submit placement information to the Labor regional offices. Job Corps centers also share in placement responsibility by training corpsmembers and directly placing them when feasible.

Within 90 days after a youth leaves a center, the Job Corps placement manual requires the responsible placement organization to submit a placement report to the applicable Labor regional office for each trainee indicating whether or not the youth has been placed. The regional office, after reviewing the placement reports for accuracy and completeness, is to submit them to Job Corps headquarters, which consolidates the data into a national placement file that is used for program evaluation.

Placement rate does not  
include all terminees

Job Corps computes its placement rate in a manner that depicts the program in a very favorable light. The rate has ranged from 62 percent in fiscal year 1966 to 94 percent in fiscal year 1974.

The consistently high rate--90 percent or more for fiscal years 1974 through 1978--could be misleading to someone not intimately familiar with the placement rate criteria. The rate does not portray the placement status of all youths who leave the program in a fiscal year. Rather, it portrays the reported placement status of most of the youths for whom placement reports are received at Job Corps headquarters during a fiscal year. If Job Corps does not receive a placement report, it excludes the youth from placement rate calculations. Before computing a placement rate, Job Corps also excludes terminees categorized as not available for placement. These include persons who (1) could not be located, (2) returned to Job Corps, (3) were ill or confined, or (4) were females fulfilling full-time family responsibilities. The following illustration shows the methodology that Job Corps used to compute the fiscal year 1977 placement rate.

Placement reports received at Job Corps headquarters (regardless of which fiscal year the youth terminated)	39,627
Less placement reports for terminees categorized as not available for placement	<u>a/7,654</u>
Terminees available for placement	<u>31,973</u>
Placements	29,605
Placement rate (29,605 divided by 31,973)	.93

a/Includes reports on 5,181 persons reported as not located or reentered Job Corps and 2,473 persons reported to be ill or confined, or females fulfilling full-time family responsibilities.

The placement rate would be considerably lower if it were based on the total number of youths who leave the program during a year. For example, 40,188 youths left Job Corps in fiscal year 1977. If Job Corps' placement rate for fiscal year 1977 had been based on the total number of youths who left the program during that year, the rate would have been 74 percent.

Terminees for whom placement reports are not received are excluded from Job Corps' placement calculation. Job Corps believes that it is incorrect to assume that a terminatee was not placed because a report was not received. Conversely, Job Corps also believes that it would be improper to claim credit for those whose placement status is not reported.

While we can understand Job Corps' rationale, the failure to fully disclose what the placement rate represents results in misleading information on the program's impact. For example, the "Employment and Training Report of the President" for 1978, a report prepared by Labor for the Congress, states that Job Corps had an overall placement rate of 93 percent in fiscal year 1977. The report states that, of 29,605 persons placed, 20,324 obtained jobs and 9,281 returned to school or entered the Armed Forces. Reports for previous years were worded similarly. These reports failed to disclose, however, that Job Corps based the placement rate on the number of youths reported available for placement (31,973 during fiscal year 1977) rather than the total number of terminations (40,188 during the same period). These reports also failed to disclose the number of youths excluded from the calculation of the placement rate because they either (1) could not be located or had reentered Job Corps (5,181 during fiscal year 1977) or (2) were reported to be ill, confined, or fulfilling full-time family responsibilities (2,473 during that period).

Job Corps annually prepares a background paper, "Job Corps in Brief," which contains more placement information than the President's report does. However, the paper could also be misleading to someone not intimately familiar with the computational methodology. For example, the paper for fiscal year 1977 implies that placement reports received are for youths who left Job Corps during that fiscal year. Also, the paper does not disclose that Job Corps includes placements for youths who have been out of the program for extended periods. Furthermore, the paper receives limited distribution on Capitol Hill. According to Job Corps officials, certain Members of Congress and select committees and subcommittees receive copies. The "Employment and Training Report of the President," which is required by CETA, is distributed to every Member of Congress in addition to interested committees and subcommittees.

Placement rate includes youths in the program for a short time and youths out of the program for extended periods

As of October 1, 1977, almost 40 percent of the approximately 28,000 youths who left the program during calendar year 1975 and were reported placed had been in the program less than 30 days. Job Corps' placement definition does not consider a minimum amount of time that a youth must spend in the program before being claimed as a placement. Job Corps, therefore, includes in its placement calculation any reported placement regardless of the time spent in the program.

The impact that the Job Corps program can have on a youth's employability within 30 days is probably negligible. According to the Job Corps placement manual, it is highly unlikely that a youth who has been in the program less than 90 days could have acquired sufficient skill to obtain a job. For this reason, Job Corps will not pay travel expenses to participants for placement interview purposes unless they have been in the program for more than 90 days. Nonetheless, in computing a placement rate, Job Corps includes such youths.

Job Corps also claims credit for a placement which occurs after a youth has been out of the program for an extended time. According to the Job Corps placement manual, placement agencies are to submit placement reports to the appropriate Labor regional office immediately after placement verification and no later than 90 days after termination. If a placement does not take place for reasons beyond the control of the former participant, the period may be extended for another 90 days and a second placement report is to be submitted after the extended period.

This procedure, however, is not followed. We found placements recorded for youths who had been out of Job Corps longer than 180 days. Job Corps allowed an unlimited amount of time to report a placement until fiscal year 1978, when a 1-year time limit was imposed. Job Corps records indicate that, in actual practice, almost half the reported placements occurred more than 90 days after termination. Our analysis of Job Corps placement records shows that 14,210 (48 percent) of the 29,605 youths reported placed in fiscal year 1977 had been out of the program more than 90 days at the time of placement. Fourteen percent (4,145) had been out of the program more than 180 days.

What actually happened  
to the class of 1975?

We analyzed placement data for the approximately 49,000 youths who left Job Corps in calendar year 1975. As of October 1977--almost 2 years later--Job Corps still had not received placement reports for over 9,000 (19 percent) of these terminees. As shown below, about 17,600 (36 percent) of the 1975 terminees had been in the program more than 30 days and were reported placed.

Calendar Year 1975 Terminees (note a)

	<u>Number</u>	<u>Percent</u>
Total terminees	48,923	100
Less terminees for whom Job Corps had no information	<u>-9,147</u>	<u>19</u>
Terminees for whom Job Corps had information	39,776	81
Less terminees reported not placed or not available for placement	<u>-11,540</u>	<u>23</u>
Number reported placed	28,236	58
Less terminees in program less than 30 days	<u>-10,663</u>	<u>22</u>
Terminees placed who were in program more than 30 days	<u><u>17,573</u></u>	<u><u>36</u></u>

a/Includes data contained in Job Corps records through October 1, 1977. Percent figures are rounded.

Of the 17,573 youths placed who were in Job Corps more than 30 days, 6,851 were placed more than 90 days after termination, of whom 2,335 were placed more than 180 days after termination.

Part-time and temporary employment  
included in placement rate

Job Corps' placement definition does not consider the type of placement (full time versus part time) and time on the job, in school, etc. (1 day, 1 week, 1 month). As a result, Job Corps officials have differing interpretations of placement. For example, officials responsible for placement activities in the Dallas and Seattle regions do not consider a placement to have occurred if employment is only part time. Also, Seattle regional officials said that a youth must work at the same job for 3 consecutive 8-hour days before being reported as a placement. Officials in the other three regions we visited, however, do not make such distinctions.

To analyze placement data, we selected a random sample of 377 youths reported placed during fiscal year 1977. For each youth in the sample, except the 23 reported as having entered the Armed Forces, we sent a questionnaire to the employer, school, or other training program of record. We obtained placement information from the Department of Defense for the 23 youths reported placed in the Armed Forces. For the 354 questionnaires sent, 282 responses were received.

One purpose of the questionnaire was to obtain information on former participants placed in temporary and part-time jobs. Responses showed that 16 (10 percent) of 154 youths reported to have worked were employed for fewer than 3 days or were working fewer than 24 hours per week. Job Corps procedures do not preclude including temporary and part-time positions in calculating its placement rate. It is noteworthy, however, that Job Corps disregards any job held for fewer than 3 consecutive days or for fewer than 24 hours per week in compiling pre-Job Corps employment history and earnings.

PLACEMENT RATE DATA QUESTIONABLE

The reliability of the data used by Job Corps to compute its placement rate is questionable. Based on responses to our questionnaire, employers and school officials could not verify that some youths had in fact been placed. For other youths reportedly placed, neither we, Job Corps, nor the placement agency was able to obtain an appropriate address for the employer or school so that we could attempt to verify the placements. Generally, Job Corps does not monitor or verify the accuracy of reported placements.

Many placements  
could not be verified

Another purpose of our questionnaire was to verify the accuracy of reported placements. Information applicable to 92 youths (24 percent) indicated that they had not been placed. Replies regarding these reported placements included

- an employer who said the youths never reported to work;
- a person who said she was the youth's landlady, not his employer;
- schools that said they had no record of the individuals' enrollment; and
- schools that said the individuals had attended only before participating in Job Corps.

In addition, we were unable to locate employers and schools at recorded addresses for 51 (14 percent) of our sample of 377 reported placements. Neither the applicable Labor region nor the placement agency was able to provide other addresses where these employers or schools might be found.

Erroneous placements are not normally detected because Job Corps does not verify the accuracy of reports submitted by placement agencies.

We noted a similar situation in our report "Review of Economic Opportunity Programs" (B-130515, Mar. 18, 1969). Employers indicated that 80 (22 percent) of 362 former participants had not been placed although their Job Corps records indicated immediate placement upon leaving the program.

In response to an August 24, 1977, inquiry we made to the Secretary of Labor about the validity of Job Corps placements, Labor headquarters directed its regions to make a placement validation survey of July 1977 placement reports. According to survey data, placement was verified in 184 (88 percent) of 209 employer contacts made. On a regional basis, verified placements ranged from 60 percent in San Francisco to 100 percent in three regions (New York, Dallas, and Denver). A second validation survey was made of June 1977 placement reports. Summary information shows that placement was verified in 82 percent of the employer

contacts made. The San Francisco region had the lowest placement verification of 65 percent, while New York and Denver again verified 100 percent of placements selected. Verifications for the Dallas region, however, dropped from 100 to 73 percent.

In view of the poor performance in the San Francisco region, it made a special study of the validity of reported placements. This October 1977 study sampled 198 placements reported by one placement agency. The placement agency staff helped the regional office obtain correct addresses when verification forms were returned by the Postal Service. Using this approach, the regional office and the placement agency were able to verify only 118 (60 percent) of the placements. Summary results included the following reasons for unverified placements.

- Agency staff reported placements based on youths' representations without verifying placements with employers.
- Agency staff arranged placement interviews and assumed placements were made if they did not hear otherwise from the youths.
- Some placements were in a federally sponsored summer jobs program and employing offices were closed during the verification study.
- Some businesses changed ownership since the reported placements.

Based on the results of the verification study and a meeting with all placement agency staff, the regional office concluded that the discrepancies arose because of (1) unclear procedures for reporting or verifying job placements and (2) poor monitoring of the placement function.

Generally, Job Corps does not verify reported placements. Four of the five Labor regional offices visited during our review did not verify placements. For example, a Seattle official told us that his office did not verify placements because they did not believe placement agencies overstated placements. A Dallas official felt that verification would be a waste of time and effort, while a San Francisco official said that verification was the responsibility of the placement agency. However, the San Francisco official did state that his staff would periodically verify placements in the future. According to the official responsible for placements

in the New York region, 100 placement reports are randomly selected for verification three times a year. The official told us that almost all of these placements are verified. However, no summaries or results of placement validation were available for our review.

### CONCLUSIONS

Job Corps needs to prepare and report to the Congress better and more comprehensive information to realistically portray its effectiveness in placing youths. Presently, the Job Corps' placement rate is misleading because it does not fully disclose what the reported placement rate represents. Furthermore, the integrity of certain Job Corps practices (such as counting placements of youths in the program for a short period or out of the program for an extended period) is highly questionable.

Further refinement of placement information could provide program managers and the Congress with valuable information on which to make informed program decisions and to measure program effectiveness. Although this type of information may not be as impressive as the current Job Corps placement rate, any realistic assessment of Job Corps placements should consider what can reasonably be expected of a program which is a last resort for its participants.

Placement is a key measure of program success, but other less tangible factors--while not readily measurable--should not be overlooked. For example, although some terminees may not have been placed, they may have increased their employability. Participants may also have received other benefits, such as basic education, preparation for the high school equivalency certificate, and counseling.

Since Job Corps does not verify reported placements, it cannot attest to the reliability of the placement rate reported to the Congress. Our validation results demonstrate a strong need for Job Corps to periodically verify selected placements.

### RECOMMENDATIONS

We recommend that the Secretary of Labor:

--Compute and report to the Congress additional placement information, including a placement rate based on the total number of terminees. The rate should be accompanied by analysis to distinguish between full- and part-time employment.

--Revise the placement definition to include requirements that a placement (1) be counted only for those who spend a minimum amount of time in Job Corps, (2) be made within a prescribed maximum amount of time following termination, and (3) be effective for a prescribed minimum amount of time.

--Require that Job Corps randomly validate reported placements.

#### AGENCY COMMENTS AND OUR EVALUATION

Labor said that our first recommendation was a subject for further consideration. Its comments, however, appear misleading and inconsistent. Labor acknowledged that it does not have information on a substantial number of program terminees, but citing a placement validation survey conducted in fiscal year 1978, it maintained that information it does have is accurate. Yet, Labor also commented that Job Corps' placement records and recordkeeping system require some scrutiny. We also found that Job Corps did not conduct a placement validation survey in fiscal year 1978. Rather, the validation survey referred to was actually the one made during fiscal year 1977 which we reported on earlier in this chapter. Job Corps was unable to verify a substantial number of reported placements. (See pp. 30 and 31.)

Labor said that future issues of the "Employment and Training Report of the President" will state that placement reporting is based on reports received during the fiscal year. Labor also said that an analysis will be conducted to distinguish between full- and part-time employment.

While these appear to be steps in the right direction, full disclosure will not result until Labor provides data on the proportion of program terminees not included in the placement rate. Also Labor should fully explain how it computes the Job Corps placement rate.

Labor generally disagreed with our three-part recommendation to revise the placement definition. It said that those who spend a minimum amount of time in Job Corps should be counted as placements because it is fallacious to say that a 30-day experience in Job Corps is of minimal or no value. Labor said that counting those who spend a minimum amount of time in Job Corps is in agreement with the reporting method used by all CETA programs. Also, Labor said that we erroneously reported that Job Corps will not pay travel expenses for the placement of youths who stay in the program less than 90 days.

After reviewing this response we remain convinced that the position presented in the report is accurate. First, a Labor official said that information in our draft report on payment for travel expenses had been misinterpreted by Labor. This official acknowledged that Job Corps will not pay travel expenses for placement interview purposes unless the youth has been in the program more than 90 days. Second, Labor's position regarding the value of a 30-day Job Corps experience is highly speculative. Furthermore, a Labor contractor, in its evaluation report, stated that the impact of the program on early dropouts is probably negligible. Third, while other CETA programs may have a placement reporting system which includes youths who spend a minimum amount of time in the program, Labor also reports to the Congress more comprehensive data on these CETA programs. For example, the CETA reporting system differentiates between placements made after an individual has received minimal services, such as intake and assessment, and those placed after receiving minimal services plus CETA training or employment.

According to Labor, it has been working on ways to reduce the time between termination and placement reporting and said that modifications will be made gradually so as to minimize the shock to reporting procedures and statistics. We believe Labor's concern should be on accurate and full disclosure of performance results, rather than the shock to reporting procedures and statistics. Also, since Labor is apparently concerned about the consistency between other CETA and Job Corps placement reporting systems, we should point out that allowing up to 1 year for recording a placement is inconsistent with the reporting method used by all other CETA programs.

Labor does not believe that it is feasible for a placement to be effective for a prescribed minimum amount of time before being counted. It said that implementing this recommendation would require additional followup which would add to the burden and cost. We believe this recommendation could be implemented with a minimal increase in workload or costs. Labor could require that a placement agency not report a placement until it has been effective for the prescribed time. This could be incorporated into validation procedures which require placement agencies to verify placements before reporting them to Job Corps.

Labor said our recommendation that Job Corps randomly validate reported placements would be adopted. Labor acknowledged that the placement validation process has been neglected. While stating that placement agencies are responsible for verifying their own results, Labor recognized

that Job Corps is responsible for assuring that placement agencies carry out their responsibilities to the fullest extent possible. According to Labor, it is considering several alternatives to ensure the legitimacy of placements, which will produce more accurate results than relying on a telephone call to a busy employer or on the word of the individual that he or she has been hired.

## CHAPTER 4

### LITTLE IS KNOWN ABOUT JOB CORPS'

#### IMPACT ON LONG-TERM EARNINGS

More than half a million youths have participated in the Job Corps program, but little is known about how well they have done in the labor market after leaving the program. Job Corps has historically portrayed its effectiveness in terms of a placement rate which, at best, depicts only the short-term success of trainees. The rate tells nothing about the program's long-term impact.

According to Labor, one of Job Corps' goals is to permanently break the poverty cycle by improving participants' lifetime earnings prospects. The extent to which the program has achieved this objective can be determined by obtaining and evaluating information on what happens to youths after they leave the program. This information could also be used as a basis for improving program effectiveness. While much more needs to be done, we have taken several initial steps to measure Job Corps' impact on participants' long-term earnings.

#### FEW TRAINEES HAVE REPORTED EARNINGS ADEQUATE TO BREAK THE POVERTY CYCLE

Using Social Security data, we traced the reported earnings of more than 40,000 youths who left Job Corps during the last 3 months of 1972 through 1975. We categorized each youth by the time spent in Job Corps and by graduate or non-graduate status. The earnings data obtained from the Social Security Administration could not be identified with specific individuals. (See app. II.)

While Job Corps' goal is to improve participants' lifetime earnings prospects to the point of permanently breaking the poverty cycle, it normally does not follow up after youths leave the program to determine whether this goal is being achieved. Earnings data we obtained raise serious questions about Job Corps' effectiveness in achieving this goal. Job Corps urgently needs to follow up on youths after they leave the program to obtain information that could be used to improve program effectiveness.

As shown on the next page, our analysis of Social Security earnings data showed that, 4 years after leaving Job Corps, 47 percent of the 1972 graduates and 66 percent of the non-graduates had annual reported earnings of \$2,000 or less; only 4 percent of the graduates and 2 percent of the nongraduates had reported earnings of more than \$10,000.

Ranges of Reported Earnings of 1972  
Job Corps Terminees in 1976

<u>Income range</u>	<u>Graduates</u>		<u>Nongraduates</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent (note a)</u>
0	638	22	2,245	32
\$1-\$2,000	726	25	2,366	34
\$2,001-\$5,000	654	23	1,391	20
\$5,001-\$10,000	752	26	886	13
over \$10,000	<u>121</u>	4	<u>138</u>	2
Total	<u>2,891</u>		<u>7,026</u>	

a/Does not add to 100 percent due to rounding.

Seventy-two percent of the 1972 graduates and 43 percent of the nongraduates were 18 years of age or older at the time of termination. Of those who left Job Corps in 1973 through 1975, similar percentages of graduates and nongraduates had similar reported earnings in 1976. This raises concern over whether Job Corps is providing improved lifetime earnings prospects necessary to break the poverty cycle. While we cannot determine an earnings level necessary to break the poverty cycle without such information as family size matched to each individual's earnings, the results do not appear encouraging. Office of Management and Budget guidelines set \$2,884 as the 1976 nonfarm poverty threshold for an individual.

A greater concern is the increase in 1972 graduates that had no reported earnings over the 4-year period analyzed. The percentage of graduates in this category increased each year from 10 percent in 1973 to 22 percent in 1976. Terminees, both graduates and nongraduates, in all years we analyzed generally showed similar no earnings trends. For example, 1972 nongraduates with no earnings increased each year from 15 percent in 1972 to 32 percent in 1975.

There may be logical explanations for the increase in the number of terminees with no earnings. For example, youths may return to school after testing the job market. Also, females could leave the job market for full-time family responsibilities.

From the standpoint of relative earnings, our analysis indicated that youths (other than graduates) must remain in Job Corps for more than 6 months on the average to substantially improve their earnings. As shown below for 1972

terminees, we found that youths who dropped out of the program within 30 days had average earnings about equal to those who remained up to 6 months.

Average Annual Reported Earnings for 1972  
Nongraduates, 1973-76

<u>Days in</u> <u>Job Corps</u>	<u>Number of</u> <u>youths</u>	<u>Average annual earnings</u>			
		<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
Less than 31	2,322	\$1,161	\$1,574	\$1,667	\$2,027
31 - 180	3,418	1,254	1,636	1,632	1,896
More than 180	1,286	1,704	2,047	2,036	2,260

Nongraduates who remained in the program longer than 6 months had higher average earnings. However, more than 80 percent of the nongraduates analyzed left the Job Corps within 6 months.

JOB CORPS GRADUATES DO  
BETTER IN THE LABOR MARKET  
THAN NONGRADUATES

In each of the years 1973-76 Job Corps graduates had average reported earnings higher than nongraduates. Moreover, these higher earnings were realized in the year after the youths left Job Corps and were sustained over the following years included in our analysis. As shown below, 1972 graduates, whom we traced for the longest period--4 years--had average annual earnings at least \$1,100 greater than nongraduates.

Relative Earnings of 1972  
Graduates Versus Nongraduates

<u>Status of</u> <u>October through</u> <u>December 1972</u> <u>terminations</u>	<u>Number of</u> <u>youths</u>	<u>Average earnings in</u>			
		<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
Nongraduates--dropout in 30 days or less	2,322	\$1,161	\$1,574	\$1,667	\$2,027
Nongraduates--more than 30 days in program	4,704	1,377	1,748	1,743	1,996
Graduates	2,891	2,552	2,948	2,937	3,291

Graduates in 1973-75 held a similar average earnings advantage over nongraduates.

Although many factors affect a person's earnings potential, Job Corps may have been instrumental in providing the skills and motivation leading to the higher earnings of graduates. Unfortunately, less than 11,000 (27 percent) of the approximately 40,000 youths in our analysis graduated. Therefore, it is important that Job Corps strive to decrease the dropout rate. (See p. 17.)

### CONCLUSIONS

Job Corps needs to follow up on youths after they leave the program to determine whether earnings have improved sufficiently to break the poverty cycle. More information on how well various categories of youths do in the labor market could provide a basis for informed decisions on improving program effectiveness. For example, a thorough analysis of the characteristics of youths who benefit most and least from the program could provide a basis for program redirection or the realization that some youths could better be served by other programs.

### RECOMMENDATION

We recommend that the Secretary of Labor evaluate Job Corps' impact on terminees' long-term earnings. If Social Security earnings data are used for this purpose, evaluations should be made routinely. Should these data not be available to Job Corps, periodic research projects should be initiated. Results of such evaluations should be used, where applicable, to make program improvements.

### AGENCY COMMENTS AND OUR EVALUATION

Labor said this recommendation would be adopted and cited some of the positive findings of its contractor's evaluation which reported on the short-term economic impact of the program. The contractor's findings appear to be consistent with ours both in terms of a relative earnings advantage for graduates and in terms of absolute dollars earned.

LOCATIONS OF CENTERS AND RECRUITMENT AND  
PLACEMENT AGENCIES REVIEWED

CENTERS

Angell Civilian Conservation Center, Yachats, Oregon  
 Charleston Job Corps Center, Charleston, West Virginia  
 El Paso Job Corps Center, El Paso, Texas  
 Fort Simcoe Civilian Conservation Center, White Swan,  
 Washington  
 Gary Job Corps Center, San Marcos, Texas  
 Los Angeles Job Corps Center, Los Angeles, California  
 Maryland Job Corps Center, Woodstock, Maryland  
 New Jersey Job Corps Center, Edison, New Jersey  
 Ouachita Civilian Conservation Center, Royal Oak,  
 Arkansas  
 Pittsburgh Job Corps Center, Pittsburgh, Pennsylvania  
 Portland Job Corps Center, Portland, Oregon  
 San Jose Job Corps Center, San Jose, California

RECRUITMENT AGENCIES

AFL-CIO Appalachian Council:  
 Baltimore, Maryland  
 Charleston, West Virginia  
 Norristown, Pennsylvania  
 Los Angeles Job Corps Center (nonresidence only),  
 Los Angeles, California  
 Northcutt Associates, Los Angeles, California  
 Portland Public Schools, Portland, Oregon  
 Women in Community Services:  
 Los Angeles, California  
 New York, New York  
 Philadelphia, Pennsylvania  
 San Francisco, California  
 San Jose, California

RECRUITMENT/PLACEMENT AGENCIES

California Employment Development Department:  
 Compton, California  
 East San Jose, California  
 Los Angeles, California  
 Oakland, California  
 Sacramento, California  
 San Francisco, California  
 Delaware Department of Labor Employment Service,  
 Wilmington, Delaware

RECRUITMENT/PLACEMENT AGENCIES (continued)

Human Resources Administration:  
New York, New York  
Brooklyn, New York  
Idaho Department of Employment:  
Boise, Idaho  
Twin Falls, Idaho  
New Jersey Division of Employment Service, Trenton,  
New Jersey  
Oregon State Employment Service:  
Coos Bay, Oregon  
Eugene, Oregon  
Salem, Oregon  
Texas Employment Commission:  
Austin, Texas  
Dallas, Texas  
Houston, Texas  
Washington State Employment Security Department:  
Auburn, Washington  
Everett, Washington  
Olympia, Washington  
Renton, Washington

PLACEMENT AGENCIES

Graduate Aid to Employment (Gate House):  
Los Angeles, California  
Philadelphia, Pennsylvania

GRADUATE STATUS OF TERMINEESSELECTED FOR EARNINGS ANALYSIS (note a)

<u>Graduate status</u>	<u>Number of terminees</u>					<u>Percent (note b)</u>
	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>Total</u>	
Nongraduate:						
Dropout within 30 days	2,322	2,451	2,914	2,125	9,812	25
More than 30 days in program	4,704	4,630	5,157	4,982	19,473	49
Graduate	<u>2,891</u>	<u>2,613</u>	<u>2,521</u>	<u>2,705</u>	<u>10,730</u>	27
Total	<u>9,917</u>	<u>9,694</u>	<u>10,592</u>	<u>9,812</u>	<u>40,015</u>	

a/Earnings data were obtained from the Social Security Administration for each year after Job Corps termination through 1976. Therefore, for 1972 terminees we tracked earnings for 4 years; 1973 terminees, for 3 years; etc. Over 90 percent of all employment is subject to Social Security, therefore, we do not believe that uncovered employment would substantially change the results of our analysis.

b/Does not add to 100 percent due to rounding.

**U. S. Department of Labor**

Inspector General  
Washington DC 20210



**MAY 1 1979**

Mr. Gregory J. Ahart  
Director, Human Resources Division  
U. S. General Accounting Office  
Washington, D. C. 20548

Dear Mr. Ahart:

Enclosed is the Department of Labor's response to the draft of a proposed report, "Job Corps Should Strengthen Eligibility Requirements and Fully Disclose Performance."

Sincerely,

A handwritten signature in cursive script, appearing to read "R. C. DeMarco".

R. C. DeMarco  
Inspector General - Acting

Enclosure

GAO note: Page references in this appendix may not correspond to page numbers in the final report.

The Department of Labor's  
Response to the General Accounting Office Draft  
Report, subject: "Job Corps Should Strengthen  
Eligibility Requirements and Fully Disclose  
Performance."

RECOMMENDATION - PAGE 35 - #1

--Establish specific guidelines in accordance with congressional intent to enable recruiters to identify youth who need a residential program in order to successfully participate in training.

RESPONSE: Subject for further consideration.

Job Corps recruiters/screeners, in the process of determining eligibility, review both the economic and environmental conditions with the applicant during the screening process. The environmental conditions reviewed are: (1) Substandard living conditions, (2) deficient or disruptive home, (3) potentially harmful spare time activities, and (4) limited job opportunities.

Additionally, Job Corps recruiters/screeners are generally hired from the local community and possess a working knowledge of physical conditions of target neighborhoods.

The cost would be prohibitive if Job Corps recruiters/screeners were to travel to each applicant's home to view the environment or living conditions, especially in rural areas. According to the legislation authorizing Job Corps, economic conditions contributing to being disadvantaged, such as lack of job opportunities, income status, public welfare status, etc., are not barriers to Job Corps enrollment. The usage of economic conditions as a means of determining eligibility by the Job Corps recruiter/screener is both valid and necessary. A lack of disposable income very often leads to environmental conditions such as substandard housing, nutritional deficiencies, increased familial, mental and physical health conditions.

## RECOMMENDATION - PAGE 35 - #1 (Continued)

Job Corps attempts to place in its centers those youth who are the "most" severely disadvantaged with medical, behavioral and psychological problems which are reviewed to ensure that the youth can benefit and function in a Job Corps residential setting. The characteristics/profile of the Job Corpsmembers, as reviewed in the Mathematica Study, indicate that the same type of youth are being served in Job Corps in 1978 as in 1968. There has been no overt attempt to "cream" youth for the Job Corps program.

It is in the Government's best interest to ensure that all Job Corps centers, facilities, and programs are utilized to the maximum extent feasible. This entails the immediate replacement of terminating Job Corpsmembers with eligible youth awaiting enrollment in the program.

The Job Corps' national policy and regional procedures have consistently attempted to produce recruitment/publicity materials which accurately portray the benefits and eligibility requirements of the program. Informational materials are designed to interest youth, e.g., Spanish-speaking youth, chronically unemployed youth, disruptive youth in the educational system, potential high school dropouts, and youth who have behavioral problems. Most often, these youth had dropped out of high school because, for one reason or another, they were unable to adjust to a regular school setting. In some cases, rural disadvantaged youth are considered eligible and in need of residential training by virtue of their inaccessibility to training facilities.

## RECOMMENATION - PAGE 35 - #1 (Continued)

In fact, when Congress created the "last resort" training program, it also, a priori, recognized that the traditional educational system does not work for all youth. Therefore, many Job Corps recruiters/screeners have developed excellent and effective referral resources within the school system to identify youth who are about to drop out of school, or have just dropped out, in an effort to minimize the youths' hiatus in education and training. In effect, most youth have chosen the Job Corps program as an alternative to other available programs, because they perceived Job Corps as a more beneficial program based on its reputation of being a highly structured vocational/educational program.

The draft report indicates that Job Corps deliberately entices unsuspecting students who would otherwise be intent upon staying in school. School officials recognize that for that element of their population they can't reach (by virtue of additional, intensive intervention techniques) to have an opportunity at an alternative program rather than no chance at all. Such youth benefit from the intensive remedial and tutorial education program offered by Job Corps.

The example in the GAO report concerning the statement of Job Corps policy is misleading. The statement was as follows:

You can go to high school for 3 years and never accomplish much. But you can go to school here 9 months and get a GED and a trade. It would take 2 or 3 years to get that outside.

The statement is neither the official policy nor a position of the Department of Labor, Office of Youth Programs, Job Corps.

RECOMMENDATION - PAGE 35 - #1 (Continued)

The statement was taken out of context from Job Corps Happenings, Special Edition. It was made by a corpsmember attempting to express his/her personal opinion as to how the Job Corps impacted upon his/her life. This and other quotations contained in the issue help describe the conditions and vocational courses at Job Corps centers.

The issue intends to depict in an honest and straightforward manner what the applicant will be exposed to and experience at a Job Corps center (see attached Job Corps Happenings, Special Edition, Page 4). To the extent that the quotation expresses the perceptions of the program for the target population, we stand by the accuracy of the statement and the appropriateness of its inclusion in the publication.

## RECOMMENDATION - PAGE 35 - #2

--Monitor to assure that recruiters (1) make proper eligibility determinations and (2) give applicants a full understanding of the program and information on what will be expected of them.

RESPONSE: To be adopted.

1. The recommendation will be adopted in that the Job Corps recruiting and screening organizations will be monitored on a scheduled and unscheduled basis to determine that proper eligibility determinations are made, that applicants continue to be given a full understanding of the Job Corps program and information on what will be expected of them.
2. It should be noted that a recent evaluation study, conducted by Mathematica Policy Research, Inc., produced findings in direct opposition to GAO's findings where they pertain to information disseminated to prospective enrollees. A quote from that report, An Examination of Job Corps Participation, follows:

An important part of the baseline interview focused on Corpsmembers' reasons for enrolling in Job Corps, their sources of information about the program, and the accuracy of this prior information. Generally, the results are reassuring. Corpsmembers are overwhelmingly motivated to enroll because of the training and educational opportunities. Sources of information are dominated by friends and relatives and by the employment service. The former are by far the most important first source of information, as reported

## RECOMMENDATION - PAGE 35 - #2 (Continued)

by nearly two-thirds of the enrollees. The latter is the most important source of most information, although friends and relatives are also important. Finally, the prior information corpsmembers receive about the program is quite accurate; except for the food and pay allowance, only a small proportion of enrollees are disappointed with each program characteristic.

Corpsmembers seem to obtain accurate information about the program and do not appear to be misinformed, as has previously been alleged.

These conclusions may be found on Page 63 of the Mathematica Policy Research, Inc., report and were drawn after interviewing over 5,000 enrollees.

It is anticipated that the Job Corps National Office, in conjunction with the Job Corps Regional Offices, will increase the monitoring activities associated with recruitment/screening activities.

RECOMMENDATION - PAGE 35 - #3

--If monitoring is ineffective, determine the feasibility of a uniform intake program to serve all Labor employment and training programs for youth.

RESPONSE: Concur.

The Secretary of Labor is reviewing the feasibility of a uniform Comprehensive Employment and Training Act (CETA) intake system. Current efforts include a coordinated referral linkage between CETA youth programs such as Job Corps, Youth Community Conservation and Improvement Projects (YCCIP), and Youth Employment and Training Programs (YETP).

## RECOMMENDATION - PAGE 35 - #4

--Explore the use of vocational skills aptitude testing, etc.

RESPONSE: do not adopt.

Aptitude tests such as the General Aptitude Test Battery (GATB) administered by the Employment Service would involve a significant expenditure of time and money, would have to be interpreted by qualified, trained counselors, and are considered by some experts to have limited value as a predictor of occupational success for the target population.

If a truly valid test becomes available and is normed for our disadvantaged target population, and if it is feasible to include it in the recruitment process, then Job Corps will seriously consider its utilization. In the meantime, however, the Occupational Exploration Program (OEP) provides the best available opportunity to explore all vocational courses on the center using a "hands-on" approach to the corpsmember's selection of his/her first three vocational choices. Restated somewhat differently, the OEP affords enrollees an opportunity to explore different occupations before making a decision as to which training program to enter. Furthermore, the enrollee can receive on-the-spot counseling as to which occupation to enter.

Center orientation and the OEP require corpsmembers' first 30 days on center. Clearly, those corpsmembers electing to leave during this period of time do not do so because of their dissatisfaction with vocational skills training, simply because they have not entered their vocational skills training curriculum.

## RECOMMENDATION - PAGE 35 - #4 (Continued)

For those staying longer than 30 days, corpsmembers probably leave for a variety of reasons, homesickness, not getting their first vocational choice, and the possible trauma of their first encounter with institutional living and foods to which they may be unaccustomed.

RECOMMENDATION - PAGE 52 - #1

--Compute and report to the Congress additional placement information including a placement rate based on the total number of terminees. The rate should be accompanied by an analysis to distinguish between full- and part-time employment.

RESPONSE: Subject for further consideration.

Job status data, when reported, are accurate according to a validation survey conducted in Fiscal Year 1978. However, there has been an increase in the proportion of terminees for whom status records are not available. They represented 14 percent of terminees in Fiscal Year 1977, but 28 percent in Fiscal Year 1978. The seven-month followup of terminees found that 67 percent of 1977 terminees were currently employed, in the military, in school or training programs compared with the 93 percent reported on a cumulative basis among those for whom placement status information was available. It is possible that terminees could have found jobs, been reported as employed, and subsequently become unemployed. The proportion with nonpositive status may be greater among those for whom records are not available. The placement records and recordkeeping system of Job Corps require some scrutiny and the reported placement rates must be accepted only with the understanding that they apply to percentages of terminees for whom records are available and only for the point in time at which the record is submitted.

The Report of the President is, by design, a brief description of each program, unless a particular program has been selected to be featured. This is one of the major reasons "Job Corps in Brief" was developed: To inform those people who wish to know more. Future issues of the Report of the President will state that the placement reporting is based on the forms received during the fiscal year.

RECOMMENDATION - PAGE 52 - #1 (Continued)

An analysis will be conducted to distinguish between full- and part-time employment. However, a part-time job should not be counted as any less than a full-time job. There may be several reasons why terminees take part-time employment. Some terminees return to school; others take care of their own children; and in some cases, the ex-corpsmembers may be the eldest child in the family and have responsibility of other family members. Still other corpsmembers are deliberately placed in part-time initial employment in order for them to gain chronological maturity, i.e, 18 years of age. In fact, placement statistics for USES and prime sponsor programs count both part-time and temporary jobs in the same category as full-time jobs.

RECOMMENDATION - PAGE 52 - #2

--Revise the placement definition to include that:

- (1) a placement be counted only for those who spend a minimum amount of time in Job Corps.

RESPONSE: Do not adopt.

It is fallacious to say that a 30-day experience in Job Corps is of minimal or no value. Consider, for example, the youth who quits school, joins the Job Corps, spends 30 days as an enrollee and decides to return to school. What changed the youth's mind? While there is very little time to teach skills, a 30-day Job Corps experience can have a significant impact on attitudes. This is in keeping with the reporting method used by all CETA programs.

- (2) placements be made within a prescribed amount of time following termination.

RESPONSE: Subject to further consideration.

At the present time, the policy of the National Office is to count only those placements made within a year after termination. Job Corps management has been working to find ways to reduce the elapsed time between termination and placement reporting. Modifications to the present process will be accomplished gradually so as to effect minimum shock on the reporting procedures and statistics. However, it is certainly not unusual or unexpected for terminees to be placed after being out of the program for more than 90 days. There is a period of readjustment to the community, time involved in getting in touch with the placement agency, and time involved in going on job interviews and, finally, being selected.

## RECOMMENDATION - PAGE 52 - #2 (Continued)

No discussion of "placement" per se and its implications for Job Corps is complete if one fails to remember that 50 percent of all youth entering Job Corps are under 18 years of age. Youth under age 18--no matter how well trained or educated--have traditionally encountered barriers to employment such as age, union restrictions, and interstate regulations which prohibit their operating vehicles, trucks, and/or heavy equipment, etc.

It must also be borne in mind that "returning to high school" is considered socially desirable behavior and has been consistently encouraged by center personnel, since a high school diploma is an essential prerequisite for many better jobs.

Job Corps provides services to youth 16-21. For this reason and those reasons appearing above, Job Corps is not just another employment and training program. By necessity and in order to fulfill its corpsmembers' educational needs, it must be an educational program as well.

We concur with the GAO conclusion that:

Placement is a key measure of program success, but other less tangible factors--while not readily susceptible to measurement--should not be overlooked. For example, although some trainees may not have been placed, they have increased their employability. Participants may also have received other benefits such as basic education, preparation for a high school equivalency certificate, and counselling.

- (3) placements be effective for a prescribed minimum amount of time.

RECOMMENDATION - PAGE 52 - #2 (Continued)

RESPONSE: Do not adopt.

It is not feasible that a placement be for a prescribed minimum amount of time before it is counted. The placement agencies contracted by the Regional Office spend a great deal of time in assessing the terminatee's qualifications, in doing individualized job development and in setting up job interviews. Neither they nor anyone else have control over how long a terminatee stays on the job. This is in keeping with CETA reporting in general.

Further, because of the additional workload required for the recruitment and selection process for the Job Corps program, the various Employment Security Offices of the individual state and the private recruiters are entitled and, in fact, demand extra payment for their services, a procedure which has been criticized by GAO. To require that additional followup be performed to determine whether placed terminatees remain on the job, in school (or in the military) for a minimum amount of time would add to this burden and cost.

(It has been stated that Job Corps will pay [See GAO note below.] travel expenses for placement of youths who have stayed in the program less than 90 days, but that the Job Corps will still take the placement credit. This statement is erroneous and has been taken out of context. The Job Corps will not pay the travel expenses for placement of youth who have been in less than 90 days for relocation purposes. This can be a very costly proposition. The Job Corps in all cases will pay for the travel expenses of terminatees to their homes.)

GAO note: Should read: "\* \* \* Job Corps will not pay \* \* \*."

RECOMMENDATION - PAGE 52 - #3

--Require that Job Corps randomly validate reported placements.

RESPONSE: To be adopted.

In the past, it has been the responsibility of the placement agency (usually the Employment Service) to verify 100 percent of all its placements. At the regional level, the practice and intention has always been toward random validation of reported placements. There has never been enough staff time or resources available to verify all placements. Of necessity, emphasis has to be on recruitment until a steady state is achieved, after which the placement process will again receive proper emphasis. Ultimately, it is still the responsibility of the placement agency to verify its own results. However, it is the Job Corps' responsibility to assure that the placement agencies are carrying out their responsibilities to the fullest extent possible.

The National Office of the Job Corps is presently considering a number of alternatives to ensure legitimacy of placements made by the placement agency. One of these involves a two-part mailer that all Regional Offices would require their placement agencies to fill out. One half of the mailer would be for the ex-corpsmember as an "Introduction to the Employer." It would have the employer's name, address, phone number, position applied for, and wage rate. The other half of the mailer would have the same information plus the terminnee's name, a box to check whether the applicant has been hired or not, and the employer's signature. The reverse side of this same half will be stamped with the placement

## RECOMMENDATION - PAGE 52 - #3 (Continued)

agency and with the postage prepaid. All the employer is required to do is check "Yes" or "No" and sign his/her name. However, there will be a statement requesting that the employer not send the mailer in until the selection has been finally made. Of course, there will always be employers who will not bother to send back the mailer. However, this method will be more accurate than relying on the word of the applicant that he/she has been hired, or on telephoning a busy employer.

Experience has shown that employers tend to become hostile when "too many" (as defined by the employer) inquiries are made for purposes of verification. A delicate balance must be maintained between obtaining adequate verification data and ensuring the employer's continued cooperation and use of the placement agency.

The mailer method will also serve to ensure the Government Authorized Representatives (GARs) at the regional level that the placement vouchers they are receiving are for legitimate placements. It also serves as a way for the Regional Office to monitor the records of the placement agency.

## RECOMMENDATION - PAGE 59 - #4

-- Evaluate the Job Corps' impact on trainees' long-term earnings.

RESPONSE: To be adopted.

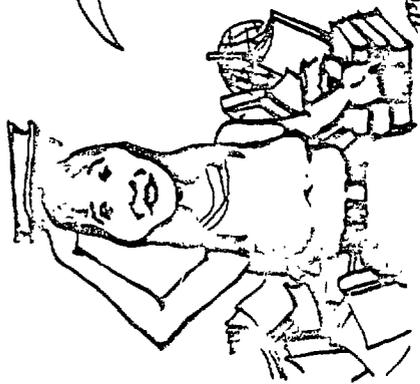
There has been for the past two years, an effort under way to determine the economic impact of the Job Corps program (previously referred to as the Mathematica Policy Research study). A final report on the initial interviews and first followup interviews is complete. An effort for a second followup is under way. (See attached Executive Summary of the final report.)

As recently as February 1979, Mathematica Policy Research reported that:

For all measures of work activities (i.e., labor-force participation, looking for work, employment, military service, earnings and hours), there are positive, large and statistically significant effects for male program completers. For the civilian measures of work activities, males who completed the Job Corps program were more likely to be in the labor force by almost 10 percentage points, and they had an increase in employment of approximately 13 percentage points and in full-time employment (i.e., working at least thirty-five hours per week) of approximately 14 percentage points. They worked almost six hours more per week, and they earned over \$23 more per week (i.e., an increase of over \$1,200 in annual earnings). Furthermore, their probability of being in the military service was approximately 8 percentage points higher.... For corpswomen who completed the full program, the estimated labor-market impacts are similar to those for male corpsmembers--of a similarly large magnitude and high statistical significance.

Attachments

# Is it Just School All Over Again?



### Yes And No.

Yes, it's school in the sense that there will be some classroom learning for all Corpsmembers, even those who already have a high school diploma.

No, it's not just school all over again. Take it from Corpsmembers who know--

"In high school, all the students have to go at the same pace as the A students. Here, some people can go through five or six math books in a week, while others may take a month to go through one book. But the Job Corps teacher treats them the same as the ones who work faster. There's no competitiveness in Job Corps. If you are better, you just try to help other people out."

"You can go to high school for 3 years and never accomplish much. But you can go to school here 9 months and get your (GED) and a trade. It would take 2 to 3 more years to get that outside."

"In Job Corps, they treat everybody the same in the classroom and in training. If you work at your own pace and do the best you can, your trainer or teacher will be satisfied."

## EXECUTIVE SUMMARY

FIRST FOLLOW-UP REPORT OF THE EVALUATION OF THE ECONOMIC  
IMPACT OF THE JOB CORPS PROGRAM

This report presents the first postprogram findings of a study designed to provide the Department of Labor with a comprehensive evaluation of the short-term economic impact of the Job Corps program. The information provided herein is based on the most detailed data yet available to conduct a study of Corpsmembers. Detailed interviews were first conducted in the spring of 1977 with a sample of Corpsmembers then participating in the program and with a comparable group of disadvantaged youths who had not been enrolled in Job Corps. Nine months later, reinterviews were conducted with all the youths in the comparison group and with Corpsmembers who had been out of the program for over five months. The follow-up survey obtained detailed information on the work histories and related activities of over 3,700 youths. This report presents the first empirical analyses of Job Corps from those data.

The most important findings from this report are as follows:

1. During the first two months after they left Job Corps, many Corpsmembers experienced temporarily low employment and earnings as they re-entered the regular labor market. After the first two months out of Job Corps, however, the positive economic impacts began to predominate, especially for program completers. For the week prior to the follow-up survey (an average of seven months after Corpsmembers terminated), the estimated gains in earnings for civilians who had completed the Job Corps program were \$23.24 for males and \$22.52 for females without children. Essentially zero effects were observed for the small number of women who had children living with them.
2. The impact on employment and earnings for youths who did not complete the program (partial completers and early dropouts) are far less certain (small, sometimes negative, and most often statistically insignificant). However, these former Corpsmembers also experienced declines in employment and earnings during the first two months after leaving the program.
3. Program completers also showed positive benefits in the form of increased investments in human capital (more high school diplomas or equivalent degrees, higher attendance in college, more training, increased military service, and greater job mobility); reduced welfare and other transfer dependence (fewer receipts of AFDC, General Assistance, Food Stamps, public housing, Unemployment Insurance, and Workers' Compensation); and reduced antisocial behavior (less abuse of drugs and alcohol and substantially fewer arrests). While not all of these individual effects are statistically significant, several are, and the pattern seems clear for program completers. These other economic impacts are also more questionable for youths who do not complete the program, except for the reductions in arrests for males, which amount to over eight fewer arrests for every 100 Corpsmembers.

4. The first detailed benefit-cost estimates are very favorable for Job Corps. From each of the three perspectives studied--Corpsmembers, non-Corpsmembers (everyone who does not enroll in Job Corps), and society (the sum of Corpsmembers and non-Corpsmembers)--the value of the program benefits is estimated to be greater than the corresponding costs. The findings from the social perspective suggest that public investment in Job Corps is efficient. Our benchmark estimate is that the present value of benefits exceeds costs by \$251 per Corpsmember, or by approximately 5 percent of costs. Because over 40,000 Corpsmembers enrolled in Job Corps during the base year for the evaluation (fiscal year 1977), our benchmark estimate of the total social benefit exceeds \$10 million for that year.
5. We estimate that nearly 50 percent of the social benefits are generated by a reduction in criminal activity among Corpsmembers--particularly burglary and larceny. These benefits from reduced criminal activities include reductions in personal injury, property damage, stolen property, and criminal justice system costs. Another 40 percent of the social benefits are attributed to an increase in the value of the output Corpsmembers produce both while they are in the Job Corps program and after they leave. The social costs consist primarily of the resources used to operate and administer the program.
6. Approximately 40 percent of the benefits to Corpsmembers are accounted for by their increased earnings. The other benefits are primarily the transfers they receive while they are in Job Corps. The largest cost borne by Corpsmembers is the reduction in their transfer income, although the opportunity cost of the time they spend in Job Corps and the reduction in their theft income are also significant costs to them. Non-Corpsmembers receive substantial benefits from the reductions in Corpsmembers' criminal activity and their reduced use of transfer programs. The non-Corpsmember costs are primarily from the operation and administration of the Job Corps program. Of these program expenditures, over 25 percent are for transfers for Corpsmembers.
7. The estimation of the present value of benefits and costs required numerous assumptions and approximations. In particular, because this analysis is based on interview data that covered, on average, only seven postprogram months, we have had to make some speculative assumptions about the rate at which the Job Corps effects fade out over time. We assumed that all effects fade out at approximately 14 percent a year. Another important assumption that was used to obtain the benchmark benefit-cost estimates was that the appropriate discount rate for converting the values of future benefits into current dollars was 5 percent. Assumptions of lower (higher) fade-out and discount rates will make the program appear more (less) attractive. As long as the sum of the fade-out and discount rates is less than 20 percent, we estimate that Job Corps is an efficient social investment.

8. As in the baseline survey, Corpsmembers reported a high level of satisfaction with the overall program seven months after leaving Job Corps. Seventy-seven percent of the Corpsmembers in our sample expressed satisfaction with the overall program at the first follow-up interview. Hispanic youths and Corpsmembers from Job Corps centers operated by public agencies expressed the greatest satisfaction with Job Corps, while American Indian youths and Corpsmembers from centers operated by private firms expressed the lowest satisfaction with the program.
9. The in-program services in particular were highly rated by Corpsmembers, who reported that they liked the training and educational components of the program, and that the training and work experience they received in Job Corps helped them obtain jobs after they left the program. However, Corpsmembers' ratings of postprogram placement services were less favorable than for in-program services. Furthermore, 59 percent reported that they had no contact with any Job Corps-related placement agency for the first seven months, on average, after they left Job Corps, and 78 percent said that they could have used more assistance in finding a job.

This report presents detailed discussions of each of these findings. Chapter I introduces the evaluation. Chapters II, III, and IV provide background to the actual evaluation: Chapter II gives an overview of the current Job Corps program; Chapter III provides an overview of the evaluation design; and Chapter IV examines the alternative econometric approaches used to estimate the economic impacts of Job Corps. The actual evaluation is presented in Chapters V through VII: Chapter V measures the economic impacts or benefits of Job Corps on program participants; Chapter VI compares the value of Job Corps' benefits with its costs; and Chapter VII evaluates Corpsmembers' satisfaction both with the overall program and with specific program services. The report closes with some concluding remarks in Chapter VIII.

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