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by

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Introduction

One of the major strategic changes in federal employment and training policy represented by the replacement of CETA with JTPA is the strong role intended for the private sector under JTPA. Congress intended that private sector interests should be (at least) full partners with local elected officials in planning and shaping the employment and training program in the SDAs. This is manifest in the responsibilities vested in the Private Industry Councils as well as the requirement that the PIC actually be made up of a majority of private sector representatives.

There is also a strong, but not majority, voice mandated for the private sector at the state level. One-third of the seats on the Job Training Coordinating Councils are reserved for private sector participants. Thus the Job Training Partnership Act provides a very considerable role for the private sector in employment and training programs.

There are a number of reasons to expect an increased private sector role to change local employment and training programs. First, there is the common perception that private sector people are more "bottom-line" oriented. While employment and training programs are not usually operated by profit-making institutions, it is likely that the increased private sector influence could find expression in greater emphasis on measured results and greater dedication to efficiency goals as opposed to equity goals in the operation of the programs.

Second, there is a conventional belief that private sector actors will tend to be less conscious of the political ramifications of particular programmatic decisions. This is not to assert that all local elected officials sought to use CETA resources in a way that benefited them politically. However, it is true that some programmatic decisions are easier if one does not have to be concerned with which local pressure group is not going to like the outcome.

Third, some feel that increasing the level of private sector participation will lead to less fraud and abuse of the programs. This is due both to the dilution of power in the hands of local elected officials and a willingness to "let the chips fall where they may" on the part of private sector participants. Thus the local sharing of power and responsibility for employment and training programs may provide a kind of "countervailing power" that prevents any one actor from gaining so much influence that opportunities for abuse are increased.

Fourth, there is a widespread feeling that since the private sector is the source of most new job opportunities, they also are in a position to provide the best possible guidance when making decisions about potential skill-training programs. Since the private sector people know where the jobs of the future will be, it should be easy for them to forestall investment in programs that are not in tune with actual labor market needs.

Fifth, a closely related point is that since the private sector is creating the new job opportunities, close connections with local training programs will have an immediate and obvious impact on placement results. The involvement of

local private sector people in employment and training programs should help build both their awareness of and their commitment to these programs and their enrollees. Recruiting employers for on-the-job training (OJT) slots, for example, should be easier if there is strong local private sector participation in the program.

Yet, there is also good reason to expect resistance to an increased private sector role in shaping local employment and training programs. Local elected officials were clearly in the driver's seat under CETA and undoubtedly many would seek a continuation of that role under JTPA. Just because the private sector is going to be a partner, they do not necessarily have to be the senior partner. The passing of public sector employment under CETA certainly reduced the payoff to local elected officials from being in charge, but it did not eliminate it entirely.

Local service providers also likely would not welcome a major change in direction of the programs. Community based organizations (CBOs) were one of the first groups to express reservations about the advisability of including private sector attitudes in the employment and training sector. Perhaps this reflected historical concerns about discriminatory practices in the private sector, but it also reflects a very real disagreement over the programmatic philosophy that was to guide the targeting and participant selection decisions under JTPA. Clearly, vested interests had grown up around the local CETA programs and these were threatened by the new private sector interests that were joining the employment and training game.

With this kind of political setting, great interest could be anticipated in the role the private sector would actually be playing at the end of the transition year. This chapter seeks to answer the following questions: To what extent have the wishes of the Congress actually been implemented in the states and in the local JTPA programs across the country? What is the actual role of the private sector in specific programs? Is there a common model of private sector participation? How much local variety is there? Who is playing the dominant role in shaping local JTPA programs in the SDAs? What is the trend in private sector participation through the first nine months of program implementation and experience?

Private Sector Participation at the State Level

As indicated earlier, one-third private sector membership is mandated on the State Job Training Coordinating Council (SJTCC) under JTPA. The Act also mandates representation of 20 percent from the general public, 20 percent from local government, and 20 percent from state legislatures and state agencies. In addition, the chairperson of the SJTCC must be a non-governmental representative. The specific role of the SJTCC in the 20 sample states is being described elsewhere in this report, the interest here centers on the extent to which the private sector members play a significant role in the actual operation of the SJTCC.

In Phase 1 of this study, it was reported that SJTCC roles varied considerably among the states in the sample. Further, it was reported that SJTCC roles fell into one of four broad categories: active and influential, active but still learning the process, dominated by the public sector

representatives or staff, or purely advisory to the Governor. In this round, field associates were asked to characterize the role of the Council relative to that of the Governor and other state level actors. The specific focus for this question was putting together the PY 1984 state services plan.

Among the 20 sample states, 4 can unequivocally be put in the SJTCC primary group. In 9 of 20 states, associates reported that the Council was purely advisory to the Governor. The other 7 states were found to have Councils that were roughly co-equal with the Governor.

It is very clear that the private sector has played an important role on the SJTCC in those states where the Governor wished the JTPA program to be significantly different from CETA. According to an associate in a state with a strong Council and a strong private sector representation:

The role of the SJTCC has been more than purely an advisory one in this state. The Phase 1 report indicated a strong SJTCC and one that not only advised the Governor on JTPA matters, but also one that was deeply involved in detailed fund allocation procedures and programmatic matters.

While there was not a significantly abrupt change in the SJTCC's role in the PY84 services plan formulation over that of the Transition Year, it appears that there is a stronger emphasis now on the SJTCC acting as a policy and advisory body to the Governor, and as the "primary" approval agency for the state services plans. In essence, the SJTCC has emerged (in my opinion) to a position of primacy in policy matters.

Another example occurs in a state where the issues were rather slow to emerge but where the Council finally emerged with a major role:

There is no longer any question that at this time, the role of the Council is primary. Initially, DOL did not (bother to) attend Council meetings, though the Labor Commissioner sits on it. Subsequently, requests from the Council to DOL--both as its staff and as the JTPA administrator--for information were handled poorly or not at all. This led to the greater involvement by the Governor's staff and the decision to clearly identify the Council as the policy formulator with administration left to a stripped down DOL.

The causes of these conflicts are several. First, DOL was still trying to be what it was under CETA. A lack of early signals by the Governor helped explain some of this. Second, DOL seemed determined to lose as little staff as possible under JTPA.

Overall, the private sector participation in the SJTCC can be identified as strong or dominant in a total of 8 states. In 6 states the private sector has played a moderate role and in 6 the private sector has played only a weak role. What is most interesting is that of the 9 states where the SJTCC was judged to be purely advisory to the Governor, not one showed a strong pattern of private sector participation on the Council. On the other hand, among the remaining 11 states, 8 had a strong or even dominant private sector membership. Thus if the Governor wanted a different program from CETA, private sector influence seems to have been one of the ways to accomplish that.

There are other states where the Council has played a weak role:

The role of the council is primarily advisory to the staff. Clearly, the role of the governor and chief staff members has been much more important than the council in getting the program implemented. The council did not play an active role in planning for TY 83 or PY 84.

An associate from another state reports:

Although JTPA officials and staff to the SJTCC have been careful to stress the policy role of the council, at this point it still appears to be more of an advisory body to the Governor than a co-equal partner with other state actors. This role is still evolving, however; the council had a more substantial role in developing the plan for PY 1984 and 85 than for the transition year.

Another pattern is represented by the following from an associate in a state where the Council has not played a very effective role and private sector participation has been weak:

Among the membership, elected officials rarely show up at meetings; legislators never. Private sector participation is limited to a few committed activists, and state agency heads almost always send representatives--usually program people who are active in JTPA administration themselves. The two SDA directors on the Council are always there, and take a prominent part in meetings. So do DCCA staff, who attend committee and Council meetings in force. Thus, the Council is not a particularly independent force in JTPA policy and administration.

From the states with a roughly co-equal SJTCC role, the variety in private sector influence is very great. From one such state with a weak private sector role:

I characterize the role of the State Council as co-equal. Thus far, all of its recommendations have been accepted by the State staff and the Governor. An explicit decision has been made to follow the recommendations of the State Council and none of its recommendations have yet been rejected. Still, the State Council has not exercised its authority in any wholesale manner. It has, for the most part, deferred to the State staff in the development of the plan for program year 1984. The State staff for JTPA clearly had the dominant role in putting together the State services plan for both the transition year and program year 1984.

Another associate reports a growing role for the SJTCC:

The role of the SJTCC during the early days of the Transition Year was primarily reactive. As noted in the Phase I report, the SJTCC tended to adopt the state administrative staffs' recommendations with minor revisions. Toward the end of the TY, there was evidence the Council had begun to occupy more of a co-equal position. As one top level administrator put it, "The staff has to earn it (passage of its recommendations) every step of the way now."

Yet these same two states show opposite patterns in terms of private sector involvement. From the former with weak private sector participation:

The role of the private sector members of the State Council is becoming a problem. It is clear that the public sector members of the Council have greater interest in JTPA and their role on the Council is dominant. The private sector members have not been active and even their attendance at State Council meetings has been exceedingly poor. The State has not yet devised a way to actively involve private sector representatives in the State Council or, more generally, in JTPA at the State level.

From the latter with strong private sector participation:

The private sector members of the SJTCC are currently among the Council's more active and vociferous members. Their role has increased since the Phase I report for several reasons. First, they have become knowledgeable about the program. Second, key private sector members have assumed committee leadership positions. Third, the Governor has personally encouraged his private sector appointees to actively participate in SJTCC activities.

There is still a lot of variation among the states in the role of the SJTCC and in the role of the private sector members on the Council. It is clear, however, that where private sector participation is strong, the role of the Council tends to be strong as well.

Another issue is the trend in private sector involvement at the Council level. Because of the heavy responsibilities of the SJTCC in the early stages of JTPA implementation, there has been interest in whether the private sector people would retain their commitment after the big policy decisions were made. On the other hand, some questioned whether private sector participants were knowledgeable enough to make a contribution in the early program decisions and whether they would stick to it long enough to make a difference in the programs.

So the question is whether private sector participation has increased or decreased over the transition year. Again, the situation in the states can be very different and the overall responsibility of the SJTCC may not have decreased during the transition year. Yet the field results show that private sector involvement has increased in 3 states, decreased in 5 states, and shows no particular trend in 12 states.

A midwestern state with an advisory council demonstrates the pattern of increasing private sector involvement with greater program familiarity:

The private sector involvement appears to be increasing somewhat now that these members are better acquainted with JTPA. They are beginning to identify those policy issues that require their attention.

It is not clear whether the degree of private sector participation is related to the trend in interest, although 3 of the 5 states showing a decrease in private sector involvement were those with weak private sector participation to begin with. This is illustrated by the following comment from an associate

in a state with a moderately strong Council but little private sector participation:

The only trend in the composition of the private sector membership on the Council is that they tend to be almost entirely small businessmen. None of the State's major employers are represented. There is a clear trend toward a waning of interest of the private sector, which was not strong to start with. Initially, I had thought the private sector representatives were quiet because they were learning JTPA but now it appears that their lack of involvement indicates a lack of interest. The private sector representatives do not control any of the committees and their attendance at meetings has been extremely weak.

On the other hand, from a state with a strong private sector commitment, the following illustrates the decline in SJTCC "action" in general:

At the most recent meetings, though, only two of the six private sector members attended and only seven members altogether. Now meeting only every other month, the July Council meeting was cancelled. Fewer Council meetings were bound to result once the program was operational, but we sense some tapering off of involvement, more so by private sector members.

This is also reflected in the following report from a state with a moderate private sector participation rate:

While private sector membership has not changed appreciably, some disturbing trends are developing. The most notable trend is the increased presence of alternates at formal Council meetings. This trend exists among both private sector and other sector representatives, with no discernible differential among the classes of membership. During the July meeting, eleven of thirty seats were occupied by alternates. At this meeting SDA plans were reviewed and submitted to Council for approval. It would appear that Council members are not willing to travel distances to attend a three-hour meeting without first receiving an agenda and/or documents relevant to the discharge of their duties.

Perhaps the best conclusion to draw from these observations is simply that if you give people an important role to play, they will be active. Since

public sector actors on SJTCC are more likely to be actively involved in the JTPA program, special attention is needed to make sure that the Council has a role that is significant enough to involve private sector people and to keep them motivated. The program does seem to have acquired a significant input from the private sector. The challenge is to keep it.

The last issue to be addressed is the link between JTPA and economic development efforts in the states. It was reported in Phase 1 that this was a primary factor in seeking strong private sector involvement in the SJTCC. The use of JTPA as a tool for economic development was reported as an issue in 14 of the 20 states observed. After the transition year, it is appropriate to ask how this turned out.

From the responses in Phase 2, it would seem that there may have been more rhetoric than reality to the JTPA-economic development link. In only a few states can a strong link between economic development goals and JTPA program parameters be discerned. In one of these states, conventional devices were used in a rather aggressive way by the Governor:

The Governor clearly acknowledged that the link between JTPA and economic development is the primary focus in the state. This was accomplished by retaining control over Title III funds in a statewide program and using all of the 8 percent set-aside for customized training. In addition, the Governor's coordination criteria require that SDAs reserve 10 percent of their IIA allocation for additional customized training programs within their areas. This thrust was reinforced when the Governor exercised his power to control 10 percent of the Wagner-Peyser allocation and channeled those funds into job-generating activities.

Another option is to emphasize linkage with other programs in an attempt to realize significant interactions. This is illustrated by the following:

JTPA staff members regard their state as one of the leaders in linking JTPA and economic development. (Their assessment is based on active participation in National Governor's Association programs.) Much of the linkage first came about when the Governor pressed his Offices of Planning and Economic Development to work closely to develop his Small Business Revitalization Program. Now there is also a linkage between the JTPA and Small Cities CDBG programs. CDBG RFPs got points for proposing to use JTPA participants (first source agreements).

A more innovative approach is being used in a large eastern state with severe employment problems:

Since the state's economic environment will be the legacy of the current administration, the Governor has played an active role in JTPA program development. In addition to the strong JTPA economic development links reported in the State's Phase 1 report, the Governor has acted to strengthen those links during PY84. Consider two such actions: (1) PICs must now establish coordinative mechanisms with the high-tech center nearest to them. (2) The DOL recently requested that the State Council actively support the Governor's request for a \$190 million bond issue for economic development. JTPA was written into the Governor's proposal.

A number of other states show moderate linkage as evidenced by the following:

At the state level, the more direct JTPA links with economic development are with the 8 percent education set-aside and Title III than with Title IIA. The Governor actively supports a strong economic development role for community colleges, for example, through the establishment of Business Assistance Centers. (Eight percent funds are being used to help Centers provide contract procurement assistance for local businesses in PY84.)

A weaker connection is indicated by this statement from an associate in a midwestern state:

Although there is lip service paid to the development link with JTPA, it is not a strong one. As a development staff person told me, they make sure they offer JTPA services to prospective employers, but since every state has the program, it isn't considered much of a selling point.

There appears to be a slight connection between the degree of private sector participation and the degree of linkage of JTPA with economic development efforts. Because of confounding influences of the economic climate and structural issues, however, it is very hard to measure this precisely.

In about half the states, there are only weak links or none at all between JTPA and state economic development efforts. For the most part, these are states that do not have an unemployment problem or states where the JTPA program most closely resembles CETA.

Perhaps the most revealing statement of all comes from an associate in a small eastern state:

It would be reasonably accurate to say that JTPA has not been a very high priority with the Governor, but that his interest in the program is likely to increase over the next year. The Governor is very concerned about economic development, but thus far has not found the operational "link" between JTPA and that goal. If a strategy can be forged to combine the workings of education, technology, and employment and training programs, the Governor's interest in JTPA can be expected to grow rapidly.

This may well be the key. While one associate reported in Phase 1 that the private sector chairperson of the SJTCC claimed that "Training the

disadvantaged without creating new jobs is like clapping with one hand," it remains a difficult thing to do. Not enough is understood about the way jobs are created in the private sector so it is hard for policymakers to coordinate policies in a general way.

Private Sector Participation at the SDA Level

The major avenues for private sector participation in the SDAs are the Private Industry Councils, jointly charged with planning and oversight functions with local elected officials. The Act mandates a majority of private sector participation on the PIC, including the chairperson, so the possibility of private sector control of the PIC is very real. There were two early concerns that emerged in the implementation of JTPA, however, which cast doubt on whether the private sector would actually take control as the Congress intended.

The first question was how long it would take for private sector PIC members to achieve a grasp of the program sufficient to make a useful input to shaping the program. The will to use one's influence is not enough, it is also necessary to understand the program. Since most of the other PIC members were expected to be experienced CETA hands, there was concern that the private sector members would be left at the starting gate.

The other major concern was whether private sector representatives would actually take an interest in employment and training programs for the economically disadvantaged. While creating more opportunities for the disadvantaged is in everyone's interest, it was difficult to see just how the

employers of private sector PIC members would benefit directly from this activity. With early concerns about possible conflict of interest issues, some argued that business might have more to gain if they were not affiliated with the program. If PIC member firms were to be denied OJT slots or other possible program benefits, it would be asking a lot for them to serve purely out of a sense of corporate responsibility.

In actuality, there may have been more private sector carryover experience than anticipated. Among the 27 PICs in this study where a determination can be made, in 12 cases (44 percent) more than 20 percent of the private sector PIC members had previous PIC experience under CETA Title VII. Nevertheless, there were 10 PICs among the 27 (37 percent) where none of the private sector representatives had any previous experience. Thus the strong possibility existed that in some local areas at least private sector members and private sector input were not effective in the early stages of JTPA implementation.

The field results from Phase 1A demonstrated that these concerns were not groundless. Among the 22 SDAs reviewed at that time, only 6 showed local PIC action that was primary or dominant vis-a-vis local elected officials. Another 6 PICs were classified as advisory, but attempting to move to co-equal status. A total of 10 PICs were found to be purely advisory to local elected officials; in other words, the local partnership had not yet been consummated on terms favorable to private sector participation and direction.

At the conclusion of the transition year, the Phase 2 field observations yield a very different picture. In 22 of the 38 SDAs observed (58 percent),

the PIC was determined to be primary or dominant in influence in determining the content of the PY 1984 services plan. In another 7 SDAs (18 percent), the PIC and the LEO were judged to be co-equal. In only 9 of 38 SDAs (24 percent) was the PIC purely advisory in determining local JTPA program plans for PY 1984. This is a rather remarkable turnaround in PIC (and private sector) influence over the program in less than one full year.

From a mid-sized SDA in the Midwest:

The private sector influence appears to be dominant on the PIC. The chair of the PIC and the chair of all three committees are private sector persons. There is no indication that the interest of the private sector representatives has declined and, indeed, from all indications the interest of the private sector members has increased during the transition year. Their influence is clearly dominant on the PIC. There has been good attendance at the meetings and at approximately 95 percent of the meetings at least 15 of the 19 PIC members have attended.

An associate in a large SDA in the West reports:

The interest in and involvement by the private sector is strong at the level of the PIC and its committees. As already reported, private sector representatives dominate the PIC, they were primary in the development of the PY84 plan, and have organized themselves into committees apparently appropriate to the tasks at hand. From our interviews and from attendance at the PIC meetings, it is clear that the PIC members want an active role. They are particularly sensitive to the mayor or board of supervisors intruding into what they define as their turf. The charge to the ad hoc "policy" committee is to develop policy statements and procedures which will reduce such intrusions in the future.

From a medium-sized city in the East:

Contrary to expectations that private sector interest might decline when the learning curve flattened after the transition year, private sector representatives indicate continuing high

levels of involvement and commitment to PIC activities as well as the need for far more aggressive marketing of JTPA so as to elicit greater private sector participation as service providers.

And from another mid-sized SDA in the Midwest:

It appears that the partnership is developing in this SDA. Because of some excellent leadership and a receptive staff and service providers, the private sector has felt good about its ability to be listened to and to learn from their experience. A highly vocal, fairly critical private sector Council member told us he was pleased by the process by which his comments have been received and used by staff, and he is eager to serve the rest of his three-year term.

More specific illustrations of PIC influence on JTPA policy are apparent in reports such as the following:

The primary role of the PIC is setting policy. This is done at a monthly meeting of the entire board and through very active committees. In setting the PY84 plan the staff first met with the PIC to obtain their general preferences with regard to policy options. A draft of the plan was then written by the PIC's staff and that draft was submitted to all PIC members and all LEO members. Two committees of the PIC, the Program Development Committee and the Executive Committee, met to provide specific input on the plan. Changes they suggested were made and some of the changes were substantive as opposed to stylistic. The LEO, in contrast, did not have any substantive recommendations with regard to the plan. Following a revised draft the plan was submitted to the PIC and LEO at a joint meeting. When policy issues arise and the full PIC cannot meet the chair of the PIC is consulted by the staff in all cases.

Another example from a large eastern city:

Clearly, there is an increasing realization among several PIC members, especially among the private sector members, that, under the JTPA, the PIC has planning, monitoring, and oversight responsibilities for the entire SDA program.

After the PY84 was written and submitted the PIC decided to make a major change to the plan. They decided to increase the portion of the SDA's Title II-A funds going to the PIC's program from 15 percent to 30 percent. Several private sector members lobbied for the change, first within the PIC's Planning Committee and then among the entire PIC. The change was vigorously opposed by the Executive Director of the administrative entity and several non-private sector members. The PIC meeting at which this issue came to a vote (June 6) was unique in that most of the members were present. The vote was 11 to 7 in favor of the change. Since the PIC and the Mayor must both agree on the plan, the question was raised at the PIC meeting about the Mayor's views. The Executive Director of the administrative entity reported that in a conversation with the Mayor the previous day the Mayor indicated that he wanted to maintain the 85-15 percent split. However, the Mayor's representative on the PIC (who, incidentally, voted for the change) said that the Mayor did not convey that view to him. No objection to the PIC's decision ever came from the Mayor's office, so the 70-30 split has gone into effect.

It is not always the case that there has been a power struggle over the role of the PIC. There are many cases where local elected officials were eager to transfer policymaking authority to private sector players. From a large southern city:

Since the early period of PIC formation, the role of the Mayor has been minimal--"he has not interfered"--though he has his spokesperson on the PIC. The Mayor and the PIC have steered JTPA away from the politically charged atmosphere of CETA with its pressures to award contracts and participant slots. So far they have succeeded; approval of PIC decisions especially of contractors, has had the concurrence of the Mayor and City Council. The PIC has been primary in formulating the PY84 Plan. This is the private sector's program, not the City's.

An associate in a large midwestern SDA reported:

The private sector PIC influence has continued unabated in this SDA. The area is very conservative politically, and there is general agreement that private sector dominance is appropriate. The LEO has the very strong opinion that the private sector people will keep the program on the straight and narrow and save the LEO a great deal of trouble.

There are other SDAs where the private sector input has not been dominant, of course. From a small rural SDA:

The PIC influence has declined. In essence the program is viewed as a public sector matter best left to the county commissioners. The PIC is a legitimizing group, a support group in times of crises, and a rather insignificant public relations group in supporting the program's OJT and placement objectives.

From an associate in a mid-sized midwestern SDA:

The private sector influence in this SDA has not been great. With few exceptions, the PIC members from the private sector have not been willing to spend a great deal of time on JTPA and have not made an effort necessary to learn the programs. Indeed, it appears that many of the private sector members did not know what they were getting into when they agreed to serve on the PIC. Clearly, there is no indication that the private sector influence is increasing in this SDA. It is still an open question whether the private sector has much interest in JTPA.

At this time, the PIC is not functional. It did not meet in June or July but hopes to meet in August. Seven of the 12 private sector positions need to be filled either because of resignations or because terms of office are expiring. Four private sector representatives have recently quit and the PIC cannot operate because less than half of its current members are from the private sector. The size of the PIC may be reduced in order to reduce the number of private sector representatives required on the PIC. At most, only five of the private sector members of the PIC will continue into PY84. With that type of turnover it is unlikely that the PIC will exert much greater influence in the near future.

This problem is echoed in the report of an associate from a large rural SDA:

In this SDA it does not appear to be as much of a problem of declining private sector involvement as a case of private sector involvement never developing. At all PIC meetings since the SDA became operational (October 1983) designated members have outnumbered private sector members at PIC meetings. Attendance in general is poor at PIC meetings.

There has been and will continue to be problems with private sector involvement in this SDA according to the JTPA director. Private sector members have a hard time understanding the entire process according to the director, a sentiment echoed by the PIC chairman. Many are unwilling to devote the time necessary to become truly involved. Some PIC members are members only as a favor to the LEO who recommended them.

These experiences are all from SDAs where the private sector influence has not been strong relative to LEOs. But there are PICs that are relatively inactive even where their influence has been primary to that of the LEO. From a medium-sized southern city:

The PIC is a volunteer group with a community service attitude about JTPA. As long as the reports from the SDA indicate that good work is being done to help needy people and the SDA is behaving in a fiscally sound manner, the PIC remains passive and happy.

A more individual kind of response was reported by the associate in a small rural SDA:

Private sector influence is mixed. Some private sector representatives still are very strong participants in the process, others are very weak. The agency people on the PIC often dominate because of their background and expertise, but some private sector people are "holding their own" with the agency people.

Maintaining private sector interest will be somewhat difficult in that travel distance and time away from business are difficult for these small business people. Also, there are only limited members of these people in these six counties available and willing to devote much time to PIC affairs.

Lastly, there are some SDAs where the issue of PIC influence and control is still at issue. In a mid-sized, rural SDA in the West, the contrast in values between private sector dominated PIC and a public sector administrative entity is very clear:

There does seem to be a lot of conflict between the PIC and the administrative entity at the present time. Both groups recognize many of the apparent sources of the conflict, and both think it will subside in the near future, but it surely is there now. From the perspective of the administrative entity, the PIC is pushing JTPA programs into inappropriate directions and interfering unnecessarily in the day-to-day operations of programs. The administrative entity believes they are doing a very good job, particularly with OJT, and have the performance data to prove it. They have been running job training programs since the early 1960s, and know what they are up to. People in the administrative entity think the important PIC members do not appreciate the degree to which they (the administrative entity) are willing to cooperate and actually have cooperated. There also seems to be some suspicion in the administrative entity concerning the goals of some PIC members. People in the administrative entity have expressed a concern that some of the more active PIC members have made the goal of economic development primary to training disadvantaged workers.

From the PIC's perspective, the administrative entity has been less than cooperative, has frustrated the policymaking role of the PIC, and has a limited and archaic view of what kinds of programs which should be undertaken under JTPA. PIC members do not think the administrative entity has given the PIC adequate staff support, and has tried to push their own programs and not allowed the PIC to develop enough new kinds of programs. They think people in the administrative entity are too tied to concepts left over from their CETA days, and, thus are resistant to creative programs. In particular, the PIC chairman (he resigned effective August 1) is quite interested in economic development and sees JTPA as an important tool in the region's economic development arsenal. He is frustrated by the lack of enthusiasm in the administrative entity for coordinating JTPA programs with economic development efforts.

From a large western city where the PIC has been judged as co-equal with the LEO:

The PIC interest has been strong since the beginning of JTPA. At least nine of the current members served on the Title VII PIC including the current chairperson. His goal is to get the PIC functioning as a separate group, and he has been fighting for a separate staff since October 1983. He believes business leaders feel this is the only way the program can work. The private sector will not participate if JTPA is run as a "warmed over version of CETA because they feel it is money down a rat hole." He wants a staff which is loyal to the PIC and which will follow the PIC's direction.

There is a lot of variation among the SDAs; so much that it is hard to discern any central tendency. However, it is worth noting that only 2 PICs of 9 that were determined to be purely advisory in Phase 1A are still in that category. Among the 6 PICs deemed to be advisory but attempting to move to co-equal status, only 1 is still advisory to the LEO. Thus, there has been strong movement in the direction of private sector influence.

This is confirmed by field associates' direct reports as well. As of the end of the transition year, the trend of private sector participation was upward in 13 SDAs and downward in only 7. In 18 SDAs the associates saw no particular trend. Thus it would appear that the private sector influence is still on the rise at the end of the transition year.

Where this has not occurred, it seems to have been due primarily to a lack of interest on the part of the LEO or other controlling authority in sharing their power. Where the private sector has been invited, they seem to have been a willing partner. Clearly there are problems of distance in rural SDAs and problems of commitment among some individual PIC members. But overall the partnership appears to be healthy and robust.

Only 6 of these 38 SDAs have a PIC that is the grant recipient and administrative entity. So only 6 of the PICs must by definition have attained primary status. The fact that over three-fourths of the PICs studied had attained at least co-equal status with the LEO in determining the contents of the PY84 plan is testimony to the willingness of the private sector to participate and the willingness of the public sector to welcome their participation.

Other Private Sector Influences

In addition to the program planning and oversight functions discussed in the previous two sections, there are other roles that private sector people are playing in JTPA programs. As indicated earlier, there are 6 of the 38 SDAs in the sample where the PIC itself is the grant recipient and administrative entity. Obviously in these cases the private sector PIC members are involved in all the usual functions associated with overseeing a major undertaking. But aside from direct managerial input, what other contributions have private sector participation in JTPA produced?

Even when the PIC is not dominant, it can provide a useful shield for local elected officials anxious about possible liability or fraud and abuse issues. From an associate in a large midwestern SDA:

The LEO depends heavily on the PIC to provide assurances that the program is operating in accordance with law and with good business practice. The LEO in this SDA is surprisingly unconcerned about program issues, including liability for disallowed costs.

Depending on the past experience with CETA, it can be very comforting to have someone else to point at if things go wrong. This is particularly true under the conditions of uncertainty created by the lack of authoritative regulations under JTPA. If the locality has had unpleasant experiences with disallowed costs in the past, this is particularly likely.

There is another productive function to private sector input when it comes time to pull the plug on an unproductive contractor. According to the associate in a large city SDA:

They and the new private sector members feel no pressure to fund poor service providers. The private sector orientation of JTPA seems to offer the rationale for cutting them off, an orientation which was not present under CETA.

Undoubtedly the private sector majority on the PIC makes such decisions easier to make and harder to overturn through political means.

Another example where the business orientation may have worked to the advantage of the program, though in a rather unusual way, is the following quote from an associate in a large midwestern city:

Several factors have contributed to this private sector influence. First, the PIC persuaded the city to reduce the administrative cost burden. This was a clear indication of the usefulness of private sector business knowledge in bringing about change. Second, the PIC and PIC Planning Committee view staff as extremely open and interested in sharing information to bring about needed changes.

If the private sector dominated PIC was prepared to go to bat to raise the administrative cost limit, it must have been a persuasive case.

More interesting and more common than these examples of PIC influence are those relating to marketing the JTPA program to the community and, more particularly, to the business sector. One example from a state that has not shown a great deal of private sector involvement in program planning or operation:

The state Chamber of Commerce is quite actively involved in promoting JTPA throughout the state, and has had a major impact. Working with Job Service staff and occasionally members of the regional PICs, they have made local presentations in over 140 communities statewide that have been attended by over 4,000 employers. These meetings cover a range of topics, including use of TJTC, summer youth programs, and others besides II-A and III programs under JTPA, but there is no question that the word is out. For example, with the help of some 6 percent money, an employer outreach program was conducted in one region that resulted in 60 requests from employers for OJT contracts. Before the program, these employers hadn't heard of JTPA.

Another statement from an associate in a medium-sized SDA in the East:

Private sector influence has increased appreciably since last year. Private sector representatives to the PIC have been successful in their attempt to involve the SDA in development efforts. Representatives of the PIC are now invited to all meetings with firms contemplating relocation in the county. In addition, private sector representatives have influenced the actions of other area organizations such as the Chamber of Commerce. Companies and individuals not previously aware of the JTPA, are now referred to the administrative entity for information and assistance. Private sector influence is also responsible for a policy which emphasizes OJT.

A report from a large southern city combines the public relations aspects with specific functional contributions by private sector interests:

A significant accomplishment of the PIC has been recruiting other private sector members to serve on PIC committees to review proposals, to validate tests to determine program completion and to review, on-site, service providers. At the most recent PIC meeting a "PIC Associate" category was approved to designate these individuals and others who will be recruited to expand private sector influence and participation.

The PIC review of proposals and subsequent evaluation of those funded draws heavily on private sector members. Several members recounted spending three days exclusively reviewing proposals both for TY and PY84. These reviews are done according to industry/occupational clusters by those with that expertise--for example, review of all clerical training is done by a subcommittee of members and associates knowledgeable about clerical occupations. The on-site PIC evaluations, likewise, are

conducted by knowledgeable members and associates. Additional private sector influence is exerted through the advisory councils which the PIC requires of each service provider for their JTPA programs. These members are mostly from the private sector and their responsibility is to help define skill requirement needs by program graduates, develop and refine curriculum and training methodologies.

Another description of the way in which private sector dominated PICs can find a way to meet the needs of employers is the following:

The major innovation has been to build flexibility into the process to permit making amendments in OJT contracts with private companies to accommodate changes in their need for trained manpower without requiring formal and time consuming renegotiation of proposals. Additional slots can be added quickly to meet additional needs. This has been seen as very helpful to start-up companies. The PIC will only fund a third of the need for slots of such companies. This has been done to take into account layoffs and additions, so as not to cut into the JTPA slots and, as a result, cause their OJT contract to be cancelled. Another change adopted by the PIC was the use of broader job descriptions, which give companies some flexibility without them having to modify their contracts. An example given was a job description that would permit an employer to switch between welder helper and welder.

Another type of private sector influence is the debureaucratization of state and local governmental structures. Private sector people have a lack of respect for traditional bureaucratic boundaries that can be very helpful. From a state with strong private sector participation on the SJTCC:

The Council has become somewhat more influential in the past year. While this is difficult to pinpoint because the Governor "accepts" both its transition year (1984) plan and program year (1984) plan, observers of the Council think that it is becoming more "surefooted" in analyzing problems. For example, the Council, as part of the implementation of coordination criteria for the SDAs, established a policy of cooperative agreements to be drawn up between the SDAs and various state and local agencies. This Spring, the SDAs complained that the governmental agencies were not being as "cooperative" as the SDAs were expected to be. The Council then began to pressure the Governor

informally to mandate parallel requirements on agencies within his purview. While no formal action has occurred yet, it is likely that such will take place for the plan for 1985-86.

But perhaps the most far-reaching impact of the private sector participation in JTPA has been in the orientation to the demand for labor (i.e., business' needs) as opposed to the supply of labor (individuals' needs). This is exemplified in the following quote from an associate in an SDA that is still battling openly over these issues:

The extent of the private sector influence in this SDA has certainly not diminished thus far. Many of the most active members are from the private sector, and the level of their activity remains quite high. The executive committee effectively is the PIC. Five of the eight executive committee members have private sector connections. The impact of this private sector input is difficult to sort out. Nearly every meeting has the obligatory reference to the inability of public entities to ever get anything done, but I think that hostility is more ceremonial than substantive. More important, I think, are two very different types of private sector influence. First, there is a tendency to think about the dimensions of the labor market in terms of what businesses need. Thus, there is a tendency to think in terms of economic development and what skills are needed by business, and a possibly diminished concern for getting people into permanent, good jobs. The second influence centers on how the PIC operates. The main difference between day-to-day operations in the small business settings familiar to our PIC's private sector members, and the public sector is the necessity to consider such things as open meetings laws, avoiding the appearance of conflict of interest, and the need to follow state bidding procedures in assigning contracts. The key members in this PIC are influenced by the private sector influence in both of these ways. They think of job training in different terms than the public sector oriented people at the administrative entity, and they are continually frustrated by the constraints placed on JTPA operations simply because they are using public funds.

There does seem to be a very fundamental difference in orientation between many of the private sector people and many of the public sector people. This is certainly a major issue in the conversion from CETA to JTPA over the past

year. The private sector participants are much less likely to define the mission of employment and training programs in individual terms. Once the individual is put back to work, that is a successful treatment, regardless of other needs. Public sector CETA managers and service deliverers have not generally defined their mission so simply and straightforwardly. Emphasis has been on placement, yes, but much more concern was traditionally expressed about the individual's general needs. Thus the old CETA hands find the diminished level of support services troubling, while private sector participants are more likely to feel that if a participant can get a job without support services, providing them would not be cost effective.

Perhaps the new spirit of private sector influence is captured best in this simple statement from an associate in a southern state:

If the private sector dominates the agenda of the SJTCC and dictates its direction, it is not obvious. A more realistic assessment is probably that of a role of keeping things from sliding back or coming to resemble the sound or appearance of the "old-CETA program."

Whatever the eventual outcome of this reorientation of our employment and training efforts, it must be conceded that national policymakers knew what they wanted to accomplish in replacing the Comprehensive Employment and Training Act. The desire to include private sector input in state level program decisions and a full private sector partnership in local program decisions must be termed a success.