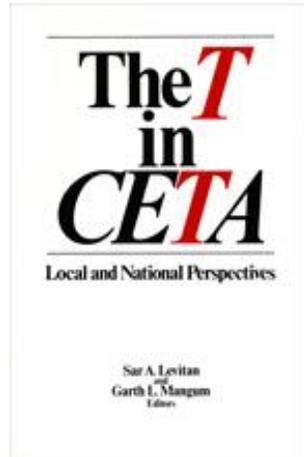

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Dallas Texas: The Burdens of Prosperity

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Dallas, Texas

The Burdens of Prosperity

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In fiscal year 1980, the City of Dallas will spend a little over \$10 million in CETA funds providing training, public service employment and related services for eligible clients living within its corporate boundaries. Because of the 1978 CETA amendments and the city's own interest in targeting on those most in need, program resources are focused on the low-income unemployed; however, this emphasis is not matched by an appropriate mix of training and related services to equip the clients to compete effectively for the semiskilled and skilled jobs available in the area's labor market. Though Dallas enjoys an environment free of many of the familiar institutional constraints affecting CETA programs in most urban settings, it operates a program not significantly different from that of other cities with much less favorable conditions. Rather than providing long term quality training programs to develop the knowledge and skills of the hard-core unemployed the city serves, it continues to fund short term, low-cost training programs to serve as many individuals as possible. Why has Dallas not used its flexibilities under CETA to develop a training program that's more beneficial to their clients and to employers in the community?

The Local Environment

City government in Dallas is a textbook example of the strong manager-council model. The mayor and members of the city council are the elected representatives responsible for making the policy decisions; however, the city manager, as

the chief executive officer, runs the city. He is in the pivotal role of making recommendations to the council and implementing their decisions. The current manager has been in the job nearly eight years and is recognized as one of the most powerful figures in city government. Under his leadership the city has gained a national reputation as one of the best managed in the country. The council and manager take pride in their successful application of private sector management practices to city government.

The Dallas Citizen's Council (DCC), an organization comprising some of the most wealthy and influential business leaders in the country, makes the major policy decisions for the city. Its primary objective is creating a local environment where the large corporations can prosper and continue to grow with a minimum of interference from government. The current mayor and a majority of the council members were dependent on the DCC for endorsement and financial support for election and remain responsive to the wishes of the special interest group. The underlying values of the leaders in the local power structure are apparently very conservative. Their economics is *laissez-faire*, and there is a strong emphasis on individual self-sufficiency.

Economic growth in the Dallas area suggests that the city fathers may have the right approach. Since the mid-1970s recession, real per capita income has grown at about 3 percent a year, when the national economy was stagnating. Over the past decade the city's population, currently estimated from 865,000 to 900,000, has not expanded as fast as the national average, but the small cities adjacent to Dallas have grown 10 times the city's rate. About 33 percent of the city's population is minority, with blacks at 25 percent and Hispanics making up about 8 percent of the total.

According to Texas Employment Commission (TEC) reports, the Dallas labor force has grown at an annual rate of

over 5 percent since 1975, and the growth in employment has more than kept pace. The unemployment rate for 1978 was just over 4 percent; for 1979, only 3.6 percent. Though the rate in the summer of 1980 is again over 5 percent, it is not expected to stay at the high level.

While these statistics reflect a strong and expanding economy, the benefits of growth are not distributed equally. According to the city's CETA plan almost 17 percent of the city's population are members of families with incomes below the poverty level. Over 40 percent of the blacks live in poverty. Unemployment rates for minorities are more than twice those for whites, and for particular subgroups of the unemployed, like youth, the differences are even wider.

Overall, however, the economic picture is bright, and the demand for workers remains strong. Labor market information from the TEC and the North Central Texas Council of Governments identifies shortages over a wide spectrum of occupations. In construction, manufacturing, and the service industries there are acute shortages in occupations such as draftsmen, engineers, bricklayers, machinists, computer programmers, electronics technicians, nurses, secretaries, and typists. Help-wanted ads in local newspapers also reflect a strong demand for unskilled workers for jobs in the secondary labor market.

Local employers aggressively compete for good employees: billboards on major highways leading into Dallas invite workers to call Texas Instruments for a good job; help-wanted posters are displayed in the windows of businesses; and major corporations advertise outside the area—and sometimes outside the country—to attract semiskilled and skilled workers. The general feeling on the street, from cab drivers to lawyers, is that anyone wanting to work can find a job in Dallas.

The CETA program in Dallas, especially after the 1978 amendments, is seen as a federal program with more potential liabilities than benefits for city government. As a CETA prime sponsor the city sees itself responsible for a controversial program fraught with continuing accusations of poor management, fraud, and abuse. With private employers actively recruiting workers, subsidized training and public service jobs programs are viewed as competing for the available labor supply and therefore contributing, rather than helping alleviate, problems in local labor markets. In July 1979 the council seriously considered terminating the city's involvement in the program. Apparently, a rash of negative publicity—mostly directed at the management practices of minority based organizations having CETA contracts with the city—was too close for comfort. Only after lengthy deliberations where city staff made major commitments to improve program management and contractor performance did the council defeat a resolution to terminate the city's CETA grant from the Department of Labor by a vote of six to five.

Over the past year the media and the city council have given less attention to the program. City staff have taken steps to improve management, and recently hired a public information officer to create a positive image for CETA. The present calm, however, should not be interpreted as any groundswell of support from the council for the human resources objective of the program.

In this environment the city manager is primarily interested in making sure that CETA funds are efficiently managed. Apparently, for the CETA staff in Dallas this means developing elaborate systems and procedures for processing federal funds through city government to agencies under contract to provide services; keeping the manager informed so that he is never surprised; making sure that there are no mistakes; and keeping things relatively quiet.

Program Planning and Operations

Management of the CETA program in Dallas is divided between the city and its program deliverers. The city council and manager make the major policy and program decisions while the Office of Human Development (OHD)—organizationally a part of the city manager's office—is responsible for program planning, contracting, monitoring and evaluation. The city contracts with other public, private, and non-profit agencies to provide program services.

For fiscal 1980, the city had \$19 million available under a variety of CETA titles and programs. About \$14 million was programmed, and of that amount, little more than \$10 million will be spent (table 1).

Almost all of the CETA funded training is in the adult and youth components funded under titles II-B and IV. Two exceptions supported by public service employment resources amount to approximately \$600,000: a work experience program including limited vestibule training—that the city inappropriately calls pre-apprenticeship training; and a career development program providing job-search training (table 2).

CETA eligibility criteria, combined with the target groups set by OHD planners have definitely focused program resources on the low-income unemployed. High school dropouts, disabled veterans, public assistance recipients, ex-offenders and the handicapped are identified as special groups to be served by the city's programs.

The training delivery system is made up of over 20 organizations funded to provide a wide range of training and related services including outreach, intake, referral, basic education, training, work experience, support services, job placement, and follow-up. Private non-profit agencies—11

Table 1. Planned Expenditures and Objectives for CETA Programs, by Component, Fiscal 1980: City of Dallas

Program component	Planned expenditures	Number to be served	Program objectives	
			Percent	
			Positive terminations	Placements
Totals	\$13,899,877	6,385	73	60
Adult employment and training ^a	4,757,039	3,402	73	64
Youth employment and training ^b	3,151,310	1,543	82	51
Private sector initiatives	944,677	600	76	67
Public service employment (title II-D)	2,852,982	420	70	60
Public service employment (title VI)	2,193,869	420	65	59

a. Excludes sect. 204 vocational education funds and program activity.

b. Includes an estimated \$2 million in expenditures and 894 planned enrollments in the summer youth employment program.

Table 2. Adult and Youth Training Plan Under CETA^a, by Activity, Fiscal 1980: City of Dallas

Activity	Contract level^b	Percent	Number to be served^b
Total	\$5,831,025	100	3,733
Classroom training	3,233,243	56	2,858
On-the-job training	750,463	13	555
Work experience	489,000	8	320
Centralized services	626,500	11	—
Prime sponsor's administration	731,819	12	—

a. Figures exclude the summer youth employment program and two training programs funded from public service employment resources.

b. Figures will not match those on the previous table due to differences between numbers in the prime sponsor's plan and those in agency contracts.

of the 20—dominate the system accounting for 54 percent of the \$4.5 million available for contract services in 1980. Five public agencies—other city departments and two school districts—receive 36 percent, while four private for-profit firms have only 10 percent of the funding.

The city is attempting to centralize some service deliveries. Outreach for all CETA funded training programs is provided by a single agency—the Dallas Urban League (DUL). Intake, assessment, and referral services for the system are now centralized through a contract with the city's Martin Luther King Center (MLK). Organizations such as Operation SER, Opportunities Industrialization Center (OIC), and Dallas Independent School District's (DISD) skills center provide classroom training, job development and placement services, serve as additional intake and referral centers and conduct 30-day followup on all their enrollees. The American GI Forum has a contract for longer term followup of participants at 3, 6, and 12 months after they leave the program (table 3).

Table 3. Major Service Deliverers^a and Activities Under CETA, Fiscal 1980: City of Dallas

Delivery agent	Funding	Activity
Operation SER	\$589,583	Basic education Bilingual clerical training On-the-job training Work experience
Opportunities Industrialization Center (OIC)	516,461	Basic education Career development Vocational training
Dallas Housing Authority ^b	500,000	Work experience Vestibule training
Dallas Independent School District (skills center)	460,698	Basic education Career development Vocational training
Martin Luther King Center	414,000	Centralized intake, assessment and referral Support services
Dallas County Community Action Agency	300,000	Work experience

a. Agencies with service contracts of \$300,000 or more.

b. OHD staff call the DHA's program a pre-apprenticeship program; however, it is more appropriately classified as a work experience program which includes some vestibule training.

Three types of training are available for CETA enrollees: basic education, vocational training and career development. Basic education, career development, and most of the vocational training are provided in a classroom setting with more than 75 percent of the participants served by two school districts, OIC, Operation SER, and the city's personnel department. The other classroom training enrollees are spread among six smaller contractors, including the four private for-profit firms. For 1980, nine agencies are providing classroom training in more than 15 occupational areas (table 4). The remainder of the vocational training is provided through on-the-job training with contractors such as the

National Alliance of Business (NAB) and Goodwill Industries.

Table 4. Classroom Training Under CETA, Fiscal 1980: City of Dallas

Delivery agent	Number to be served^a	Occupational area
Wilmer-Hutchens Independent School District	275	Basic education
Operation SER	400	Bilingual basic education
Dallas Independent School District (skills center)	480	Clerical Auto mechanics Auto paint and body repair Combination welding Production machine operator Air conditioning, refrigeration & heating
Opportunities Industrialization Center (OIC)	420	Clerical Keypunch Secretarial science Computer programming Auto mechanics Auto body repair
Operation SER	140	Bilingual clerical
City of Dallas (personnel department)	520	Truck driver training
Nurse's Aide Academy	168	Nurse's aide
American Trades Institute	50	TV repair Offset printing
Home and Apartment Builders Association	75	Carpentry Apartment maintenance
Assessment and Assignment Unit of Dallas	107	Individual referral (multi-occupational)

a. Figures will not sum to the number shown on table 2 due to the termination of one deliverer and difference between the numbers planned by OHD and those in agency contracts.

Management reports for the third quarter of fiscal year 1980—the latest cumulative information available—show the program operating well below planned expenditures (table 5).

Table 5. Actual and Planned Expenditures for CETA^a Through the Third Quarter, Fiscal 1980: City of Dallas

Program component	Plan	Actual	
		Amount	Percent of plan
Total	\$7,536,930	\$4,125,295	55
Adult employment and training	2,826,009	2,185,243	77
Youth employment and training	765,945	426,050	56
Private sector initiatives	341,970	48,744	14
Public service employment	3,603,006	1,465,208	41

a. Excludes prime sponsor administration, centralized services and vocational education services funded under sect. 204.

With the exception of public service employment, where recent hiring brought enrollments to 97 percent of plan, CETA program enrollments reflect the same pattern as expenditures while positive terminations and placement are only half of those planned. Job placements—at 81 percent of the positive terminations—reflect the city's high placement goals, the availability of jobs in the area, and unattractive options such as going back to school or entering military service.

Clients in the city's program are young, relatively uneducated and primarily black with the distribution among various program components about as expected. Youth programs serve higher percentages of women and blacks without basic education credentials, while public service employment serves slightly more white, older and better educated persons. Similarities in the demographic characteristics of par-

ticipants reflect stricter eligibility requirements in the 1978 CETA amendments, the city's emphasis on targeting on those most in need, and the kinds of people applying for services. CETA enrollees in Dallas tend to be people with several barriers to employment who cannot hold a job even in a tight labor market. They need extensive help to overcome their cultural, psychological, physical, transportation, and child care problems.

For adult and youth training components, expenditures and enrollments, though closer to plan, reflect the same pattern as the CETA program as a whole. Classroom and on-the-job training are lagging, while the small and often maligned work experience program is operating at 97 percent of planned expenditures and 90 percent of planned enrollments. In contrast, classroom training programs are operating with expenditures at 71 percent and enrollments at 61 percent of those planned for the third quarter. Based on this performance, the costs of positive terminations from classroom training are averaging over \$4,600, and the cost per placement is \$5,300, much higher than anticipated by the city.

While contractors are likely to meet their enrollment goals for 1980, they will not achieve their planned numbers of positive terminations and placements.

The Quality of Training and Related Services

OHD reports provide information on the number of enrollees, positive terminations and placements by occupational training area and on average wage gains and retention rates of terminees by training contractor. While all of this data is potentially useful for measuring the level of training and the relative efficiency of the city's contractors, it does

not provide insight to the quality, appropriateness or effectiveness of the training.

There are also technical and methodological problems with the Dallas training system and with the way information is gathered and organized that limit efforts to assess programs. For example, wage and retention data is not available by occupational training area for OIC and the skills center—the two largest deliverers of vocational training. For these agencies, the information is also not related to the characteristics of the clients in the various training areas. A second problem relates to the absence of any kind of a control group for comparing post-program experiences of the trainees in the Dallas program. Without comparing the income and employment experience of the clients with their counterparts not receiving training, it is impossible to measure program effectiveness. Without relating wages at placement and retention data to client characteristics and occupational training areas, it is impossible to make valid comparisons among various kinds of training for the different client groups served.

Several of the occupational training areas apparently do not have quantified training objectives, and, except for minimum reading and math skills, clients are not pre-tested to determine their knowledge and skills. It is difficult, therefore, to objectively evaluate the quality of training in the Dallas CETA program.

With these limitations one cannot go beyond making subjective judgments about the apparent quality of the training inputs—facilities, equipment, curriculum materials, instructional staff and length of time a client spends in training—and related services. A June 1980 on-site review of seven of the 13 agencies providing training revealed the following:

- The quality of training and related services provided by OHD contractors varies widely.
- The training is short term, providing some enrollees access to entry-level jobs that are, for the most part, in the secondary labor market.
- With the exception of clerical, auto mechanics and nurse's aide, the training areas are far below their goals for expenditures, enrollments, positive terminations and placements. Pressures on contractors to make their goals are adversely affecting the quality of training.

Variations in the quality of training are best illustrated by three agencies providing classroom training: the Nurse's Aide Academy (NAA), the OIC, and the Dallas Independent School District's skill center.

The Nurse's Aide program is the best small training program. Through effective outreach, it surmounted problems of underenrollment. The five-week program provides classroom training in combination with clinical instruction in a nearby hospital. The facilities and equipment are modern, and the instructors are qualified registered nurses. Instructional materials are well-written and adapted to the student's educational level and procedures and equipment used in the training. According to OHD reports, almost 90 percent of the trainees were placed in jobs, and about 75 percent were still employed a year later. Average hourly wage gains at placement were 95 cents—from \$2.75 to \$3.70 per hour.

In contrast, the OIC program provides open-entry/open-exit training in three skill clusters: a computer cluster with keypunch and programming, a clerical cluster with clerk-typist and secretarial training, and an automotive cluster with auto mechanics and body repair. Basic education and career development classes are integrated with each skill cluster to provide training-related reading and math, GED preparation, English as a second language (ESL), consumer

education, communications, and orientation to work. The average length of stay in training is about 12 weeks.

OIC training is done by qualified and dedicated staff in a converted trucking facility with only minimum renovation. The staff are partially demoralized by reductions in funding, their physical surroundings, and the limitations of the program; but they remain committed to providing quality training for enrollees. Except for the clerical cluster, the classes are not full. The center appears to be operating 70 or 80 percent of potential.

The ready availability of jobs requiring no training, low training allowances, and minimum levels of support services for enrollees all make recruitment and retention difficult. Many enrollees will not stay in training long enough to be counted as positive terminations. OIC dropouts are averaging more than twice the level expected, while placements are at only 53 percent of the goal. In addition to its goal for indirect placements, the city required OIC to make an additional 325 direct placements with no increase in funding. OIC soon discovered that few job-ready individuals were to be found in the eligible population without a massive recruitment effort, which would detract from its training objectives. OIC probably will meet enrollment goals for the year, but not those for positive terminations and placements. Average wage gains reported for those employed were 77 cents from \$3.26 to \$4.03 per hour.

Although the quality of OIC's training varied, they have attracted severely disadvantaged clients and adjusted the training curriculums to their educational level. Thus, the training is relevant, but its short duration and the lack of modern equipment do not equip enrollees to compete effectively for jobs in the primary labor market, though some trainees undoubtedly gain access that may allow upward mobility over time.

The Dallas Independent School District's skills center—the designated vocational classroom facility—provides training and related services in six vocational clusters: clerical; auto paint and body repair; auto mechanics; welding; production machine operation; and air conditioning, refrigeration, and heating.

The skills center is the best equipped multipurpose training program in the CETA delivery system; has qualified staff, modern equipment, and well-designed curriculums. However, like OIC, it has underenrollment and low placement rates. Through the third quarter of fiscal year 1980, the center achieved only 85 percent of its planned enrollments because of recruitment problems and high dropout rates. Positive terminations and placements are far below expectations with cumulative placements for the period at 57 percent of the goal. Average wage gains at placement were 61 cents—from \$3.36 to \$3.97 per hour.

Relatively, the quality of training provided is good. The skills center has the potential for an excellent program, but is limited by both the city's concern with numbers and low average costs and a disadvantaged clientele unprepared for more sophisticated training. With the exception of the clerical cluster, the center appears to be operating at only 50 to 60 percent of its potential. No goal except cumulative enrollments is likely to be met.

MLK and each of the training deliverers are responsible for providing training related services such as intake, assessment, referral, counseling, and support services. However, beyond listing the services to be provided in agency contracts, the city has no standard specifications concerning the nature and extent of the services. As a result, the amount and quality of the services are very uneven. For example, counseling services vary from three full-time social workers and one employment counselor at the skills center, to infor-

mal family-style counseling in the nurse's aide program, to no services at all at the National Alliance for Business' (NAB) on-the-job training program. At NAB there is strong emphasis on self-reliance. If situations arise that demand counseling, participants are referred to MLK.

Overall quality of training and services a client receives depends primarily on the efforts of individual contractors to overcome the city's apparent lack of concern and the limitations it imposes on the delivery system. This environment pushes community-based organizations without other sources of support against the wall. They meet enrollment goals, but the quality of instruction suffers. Without outside support, they are forced to offer the same or fewer occupational areas each year. Under the Dallas system, they cannot use CETA funds to buy training equipment or renovate facilities to expand training. Staff are underpaid, existing facilities are inadequate, and equipment needs updating. Training in some of these organizations resembles the poverty programs of the 1960s—the commitment is there, but the resources are missing. In spite of good attitudes of the staff, the environment does not engender feelings in the trainees that things are going to get much better. Quality tends to be found either in training components with low investment costs—basic education, OJT and the nurse's aide program—or in programs that are partially subsidized by other sources, such as the skills center or OIC's computer cluster supported by IBM.

As for the relevance and effectiveness of the training, most of the contractors have adjusted their program materials and instruction to accommodate the education, skill level and interests of the clients. However, because of the city's interest in short term low-cost training, they are unable to spend the time required to provide the knowledge and skills in occupational areas allowing their graduates to compete effectively

for the semiskilled and skilled jobs available in the Dallas labor market. The city's plan for fiscal year 1980 proposed that, of the 1,900 to receive classroom training, 800 were to be enrolled in occupational areas where the length of training is five weeks or less, and only 150 were to receive instruction in areas requiring 24 weeks or more. The occupational training areas funded bore little resemblance to the list of priority occupations identified early in the planning process. Of the 16 top-rated occupations, only two were proposed for funding; several of the lower-rated occupations were included, but the majority of the training was planned for occupations not ranked.

Major Influences on Training

The nature and quality of CETA training in Dallas is a function of decisions made by the federal government, the prime sponsor, and the contractors providing training. Responsibility for success or failure, therefore, cannot be assigned to any one level of government or single agency; it must be shared by all. Under the arrangement there are several major factors affecting training programs in Dallas: the nature of federal-state-local relationships; city management of the program; and the nature of the local delivery system.

Federal-State-Local Relations

By design, CETA formalized a new set of intergovernmental relationships significantly increasing the authority of state and local governments to plan and operate programs. Although there was a major power shift, the federal government retained responsibility for setting broad program objectives, developing regulations, approving local plans, monitoring, and evaluating program performance. There are, however, several problems in the CETA version of

federalism affecting the nature and quality of local training programs.

- From the beginning the roles and relationships of the major actors—federal, regional, state, and local governments—were never adequately delineated.
- Legislative amendments and administrative changes have kept the delivery system in a constant state of flux.
- The Department of Labor has not maintained a consistent policy framework that sets priorities among program goals and establishes the relative importance of program effectiveness, administrative efficiency, and regulatory compliance.
- With the exception of its emphasis on low-cost placements, the Department of Labor focused on developing compliance and process-oriented goals, performance criteria, and rewards systems rather than output-oriented systems.
- Few prime sponsors had the critical management capability to accept the responsibilities and take advantage of the opportunities available under block grant funding.
- Before the delivery system was in place, CETA became the avenue for massive countercyclical public jobs programs and a series of new categorical initiatives.

The CETA system is primarily a federal-local one, leaving prime sponsors with few incentives for developing working arrangements with the states. Managing the CETA program in Dallas involves minimal contact with three state agencies: the Department of Community Affairs (DCA); the Texas Education Agency (TEA); and the Texas Employment Commission (TEC). In each case the relationship is the result of a legislative requirement or financial incentive. OHD staff see all of the relationships as detracting from, rather than contributing to, quality of local training programs. They must be continued to comply with CETA requirements and access

funds from the state agencies; however, staff feel that the less the state agencies and State Manpower Service Council know about local programs, the better.

The coordination of CETA with other training and employment activities, beyond the legal requirements, has not occurred. The state is in a weak position relative to the local prime sponsors; the governor's discretionary funds have been used largely to fund a variety of special projects; and the state agencies operate autonomously, using the CETA money they control to their own ends.

The city's relationship with the federal government, particularly the Employment and Training Administration (ETA), is primarily influenced by the ever-changing CETA legislation, regulations, and administrative directives for implementing the program. With major system changes in 1976, 1977, and 1978, program funding became more categorical, leaving local prime sponsors with less flexibility to design and deliver programs. In an attempt to make the new categorical initiatives fit in local CETA systems which emphasize horizontal planning and integrated service delivery, ETA has issued volumes of regulations and directives. As a result, the system is currently not being planned and managed as originally envisioned. Staff at all levels are filling out forms, processing paper, and building bureaucratic processes for complying with the latest requirements. The city's current relationship with ETA, primarily the regional office in Dallas, revolves around the basic information requirements guaranteeing the continued flow of federal funds—review of annual plans, periodic monitoring visits, frequent special requests for information, and the annual assessment of program performance. If the Department issues directives that conflict with the local program initiatives, OHD fends them off by pointing out contradictions with previous policies or arguing points of pro-

cess. From experience, they have learned that the first and best response to a new directive is to do nothing. More than likely the directive will change several times and things will end up back where they were in the first place. This approach, of course, represents dysfunctional behavior in the management system, which causes even more directives to be issued.

In the regional office, staff members working with the CETA prime sponsors feel powerless and frustrated and display resignation. They know that the major decisions are made elsewhere in the system—in Washington or at the local prime sponsor level. In this environment, federal representatives function as little more than intermediaries who process information. For the most part they continue to acquiesce to the program mix determined by local sponsors and, therefore, have not bothered to learn much about the content of programs. More recently, they have further disassociated themselves from the management and program decisions made by their own organization, yet they continue to exhibit an unflinching commitment—going through the motions and pushing the paper to comply with the instructions from above.

Staff members of the city agency try to help the federal representative do his job with a minimum of effort on their part. OHD staff and the federal representative have arrived at an equilibrium of peaceful coexistence in which they try to be accepting and accommodating. Both recognize that they spend time on issues of form and process that have no relationship to program quality. Prime sponsor's plans are nothing more than compliance documents, and the annual assessment is designed to measure efficiency in terms of costs per numbers served, positively terminated, and placed, and to document that established systems and procedures are consistent with federal requirements. Recognizing the futility of these and other similar exercises, the federal represen-

tative and the prime sponsor's staff work together closely to avoid creating any undue problems for each other. Obviously, both are co-opted in the process and federal management of the system breaks down.

City Management of the Program

The City of Dallas did not take advantage of the opportunities available in the early years of CETA. Apparently, program staff were unable: (1) to clearly set program purpose and direction; (2) to develop a rationale for the program that was relevant to local conditions, of interest to the city council, and acceptable to ETA; (3) to define the appropriate roles and relationships among city officials, staff, the advisory committee, and contractors in the decisionmaking process; and (4) to build a delivery system that satisfied existing institutional biases and met local needs. In the absence of such a management structure, the city funded existing community-based organizations to continue providing the same kinds of training as that available under the pre-CETA categorical programs.

Beginning as early as 1974, there were major changes taking place in CETA. A series of legislative amendments began recategorizing the delivery system and large increases in funding for public service jobs and youth made the program more complex and more visible to elected officials and the general public. Selected cases of poor management, fraud, and abuse drew national attention to issues of program management throughout the system. In Dallas the increased interest in CETA resulted in a change of directors at OHD. Under new leadership the office began focusing on developing efficient systems for securing and disbursing federal funds and building administrative procedures and controls to satisfy the process-oriented standards set by ETA. Consistent with the conservative values of the local power structure and the council, OHD funded short term low-cost training

programs offering minimum assistance to provide clients access to entry level jobs. After that, further progress was up to the individual. Administrative efficiency and low-cost training became top priorities of the agency. Even though the 1978 CETA amendments further targeted program resources on the hard-core unemployed, OHD priorities have not changed.

While the emphasis in the Dallas program is a legitimate option under CETA, there are several problems with this management approach that affect the nature and quality of training.

- The CETA program lacks a clear statement of purpose and goals. OHD sees itself as an administrative agency responsible for writing grant applications, allocating funds, managing contracts, staffing advisory committees, and responding to the city manager and council. Beyond administrative efficiency and low cost training, the agency apparently has no substantive program mission—no reason for existence—of its own. Issues of quality and effectiveness of training are not high priorities at OHD. Moreover, there is no sense of long range direction, either in terms of objectives for the program or in the design of the local delivery system.
- The responsibilities and relationships among city officials, OHD staff, the three citizen advisory committees, and the training contractors remain unclear.
- OHD has developed a number of impressive management systems and procedures, but they are not integrated. Except for the solicitation, review, and selection of contractors, the various systems do not work together. Planned and actual program performance differ widely. The planning process emphasizes the selection of efficient contractors, and monitoring and evaluation systems stress review of administrative capability, fiscal procedures, and program performance

in terms of numbers enrolled and positive terminations. OHD's followup system gathers information on the post-program experience of participants; however, these systems are not managed to achieve the program objectives as stated in OHD's plan to ETA. Moreover, they do not support the development of effective training programs.

- Local incentives do not reward time and attention to program quality. The efforts of OHD are directed to satisfying the city manager and the council; that is, keeping the program out of the newspaper and making sure the city manager is never surprised. Accuracy is not as important as speed, and the quality of the training and the nature of the delivery system are not nearly as important as producing a high number of low-cost enrollments and positive terminations. Through the planning and contracting process this emphasis is clearly transferred to the delivery system.
- OHD continues to experience high turnover among staff and frequent reorganization, which hurt staff morale and direct attention away from program issues.

Thus, OHD functions as an administrative clearinghouse for federal funds, resembling a local version of the regional office. Top management has learned to effectively transfer the responsibility for unpopular decisions and management or performance problems to citizen's advisory groups, contractors, or ETA. A new level of bureaucracy has been built into the delivery system without realizing many of the expected benefits envisioned by the framers of the original CETA.

The Nature of the Local Delivery System

Several features of the Dallas delivery system affect training: the absence of an integrated delivery system; duplication

of front-end services; the lack of effective working relationships among the contractors; wide variation in the level of financial support, skills, and experience among the training deliverers; and OHD's overriding concern with inexpensive training.

- Apparently, OHD either does not recognize or does not understand the interdependence between the city and its contractors. Given the decision to contract for service delivery, the city's overall performance depends on the combined product of its delivery agents. Yet, there tends to be a strong "us" and "them" attitude among OHD staff. Contractors are given goals and told to perform. There is no feeling people are working together to produce the desired outcomes, and when there are performance problems, OHD does not accept responsibility.
- There is duplication of front-end services that creates confusion for contractors and an obstacle course for program applicants. Most likely because of their increased liability for ineligible participants, the city is attempting to centralize intake, assessment, counseling, and referral services through a single contractor—the Martin Luther King Center; however, training contractors are also still required to provide most of these same services. MLK staff provide assessment and referral, but do only limited testing, and the two employability development plans they prepare are not used to guide clients through a mix of training and services. Consequently, nearly all of the training contractors test and assess clients prior to their enrollment. There is similar confusion with outreach and counseling services. Getting into the system is thus a frustrating process involving a number of referrals back and forth among the contractors. Only those applicants with strong motivation and few alternatives are likely to survive the process.

- There are few effective relationships among training deliverers in the system. Because OHD has not built an integrated system, linkages facilitating client flow among the training agencies are informal and weak. This limits movement among contractors, and tends to restrict the training options available to the clients.
- There is a wide variation in financial stability, skills, and experience among the training deliverers. In its quest for inexpensive training, OHD has funded a broad range of agencies. Some have a sound financial base with support from other sources, while others are dependent on CETA funding for survival. Staff salaries and the level of management and program skills vary widely among the group. OHD has not set minimum standards for the quality of training and services to be provided. In an effort to get a contract or, later, to meet performance goals within cost constraints set by the city, training agencies have cut the quality of services and the length of training.
- OHD's emphasis on efficiency and low costs precludes long term quality training. OHD policy limits the training contractors' administrative costs to 10 percent of their contract. In addition, training allowances are set at \$2.30 per contact hour—80 cents below the 1980 minimum wage—and the CETA-funded support services system is designed to encourage self-reliance. In this environment, most of the training agencies cannot afford to offer long term training, and if they did the participants most likely to benefit could not afford to stay long enough to complete.

Dallas has not taken advantage of its opportunities under CETA to develop long term quality training programs for the hard-core unemployed because it has no motivation to do so. ETA—through grant review, monitoring, and the annual assessment—encourages the city to produce as many low-

cost positive terminations and placements as possible, but offers no extrinsic rewards for doing so and levies no penalties for failure as long as the city plays the game well enough to stay out of the bottom quartile of performers in the annual assessment process. None of the quantitative measures of program performance relate to content of training or quality of outcome. This encourages prime sponsors and their contractors to play the numbers game.

The city's reward structure reinforces that of ETA. In these kinds of systems training programs will be well designed only where exceptional local staff are intrinsically motivated to develop and defend such training for the hard-core unemployed.

Potential for Expanding Training

The management systems at OHD can handle a larger training program, but whether the local delivery system can do so is a separate question. There are two options for expanding CETA-funded training in Dallas: (1) increasing the level of activity with the current contractors, and (2) bringing new deliverers into the system.

The city's major training contractors—OIC and the skills center (with the exception of the clerical and auto mechanics clusters)—are operating at 70 to 80 percent of their maximum enrollments. These existing training areas could be expanded quickly. While these deliverers would tend to offer more of the same kinds of training, they would produce quick results. For community-based organizations such as OIC and SER, expansion would require funding for improving facilities and updating equipment in addition to the amounts normally allowed for training.

The second option is to bring new deliverers into the system. Many public and private agencies in the city are anx-

ious to demonstrate their capabilities to provide quality training in a large number of occupational areas. These organizations, however, have had little or no experience with federal programs or with serving the populations currently eligible under CETA. Adding some of these agencies to the system would rapidly expand capacity but not output. Problems associated with administering their first federal grant and learning how to deal with CETA clients would adversely affect output in the short run.

The issue in Dallas is really more one of the city's response to a new training initiative rather than to local capacity. The city has repeatedly underspent formula allocations for training and has chosen not to participate in special initiatives such as the Skills Training Improvement Program. Would it respond differently to a new training initiative? If it did accept the funding, it probably would simply fund more of the same kinds of short term training currently offered. The capacity is there, but the commitment to relevant training for the hard-core unemployed should be questioned.

Recommendations

CETA has not evolved into an effective system for managing federal training and employment initiatives. Currently, the delivery system is overburdened with rules, regulations, reporting requirements, investigations, and a backlog of unresolved audits. There is little evidence that the program is being effectively managed at any level. With CETA reauthorization on the congressional agenda in 1982, there is an opportunity to make changes to improve the quality and effectiveness of the program.

- The goals and objectives of training and employment initiatives need to be better focused at the federal level. This requires going beyond statements of what is to be accomplished to maintaining a consistent policy

framework for setting priorities among the goals and objectives included in the authorizing legislation.

The intergovernmental delivery system needs to be restructured to correct present weaknesses. There are several interrelated issues that deserve special attention: the state's role, elected official involvement, citizens' input, and determining local service areas.

The State's Role. States do not easily fit in the current federal-local structure of the CETA system. In many cases, balance of state is an area made up of leftovers after all of the local prime sponsor arrangements have been negotiated. It's difficult to define local labor market areas or to do planning for such areas from the state capitol. Program decisionmaking should be decentralized to sub-state planning boards. Another state issue has to do with the Governor's discretionary money under CETA. Rather than funding special training projects, this money should be earmarked for investment: to develop and demonstrate new programs and to enhance the capability of people working in the policy area.

Elected Official Involvement. The concept of a single entity responsible and accountable for management of the local program is valid; however, the decision to make state and local governments prime sponsors should now be questioned. In most cases, the benefits realized—increased political accountability, comprehensive planning, program coordination, and integrated service delivery—do not approach the costs of attaching training and employment programs to governments primarily concerned with fire, police, and capital expenditure programs financed from local revenue. There is little evidence of local elected officials identifying training programs for the hard-core unemployed as high priority on their local agenda. For the most part,

they have hired staff to run programs designed to shift the heat from their office and to keep the peace. Their interest in CETA has been limited to the fiscal relief and political benefits of the public service jobs program. With the 1978 amendments setting average wages and stricter eligibility criteria, the attraction to CETA has largely disappeared.

Citizens' Input. The three citizens' advisory committees now mandated under CETA do not appear to be making significant contributions to the quality of local programs. It's too early to predict the future influence of the private industry council, but the other councils appear to be going through the motions to satisfy federal requirements. If local councils are to be a part of the system and to be effective, they must be made more responsible and accountable for program results.

Determining Local Service Areas. Using the boundaries of local political jurisdictions to determine service areas and set residency requirements for program participation runs counter to the concept of labor market planning. In some cases under CETA, there are five or six prime sponsors operating independently in the same labor market area.

A possible solution to several of these systems problems might be the creation of local labor market boards or commissions. These boards—made up of elected officials, local citizens, and representatives of business and labor—would function as prime sponsors responsible for area-wide labor market planning, contracting, monitoring, and evaluation. But in contrast to CETA prime sponsors, they would not deliver services. The board's labor market planning responsibility would include looking at the participation of all the supply-demand institutions in the area. Funding available to the board would be used at the margin to fill identified gaps

and complement labor market services provided by the myriad of other federal, state, and local organizations.

- The roles and relationships among the major actors in the delivery system must be clearly delineated. It is not enough to identify the primary recipients of funding, or to say that all levels in the system are responsible for monitoring and evaluation. Each level in the management hierarchy must have well defined limits of authority and responsibility. Once established, these basic relationships must be maintained over time to reduce the confusion and uncertainty in the system.
- Incentives—rewards and punishment—must be built into the system to achieve the stated goals. Under CETA the rhetoric encourages one set of responses; however, performance measures, assessment criteria, and incentives reward different behaviors.
- Major attention must be given to developing the capabilities of people working in the delivery system. Few people in the system demonstrate the knowledge of the policy area and the management skills to successfully implement programs. In a decentralized delivery system, the commitment and competence of the decisionmakers ultimately determine the nature of the quality of the service provided.