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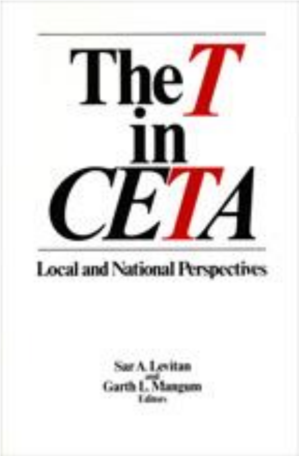
North Carolina Balance-of-State:
Decentralization and Discontinuity



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North Carolina Balance-of-State Decentralization and Discontinuity

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Introduction

The study occurred during a period of considerable turmoil within North Carolina's CETA management hierarchy and its balance-of-state (BOS) program planning and delivery system. At the time, it was clear that state CETA officials rarely concerned themselves with the quality of training because they were too busy resolving audits, enforcing compliance, reporting numbers, and reacting to criticism.

North Carolina's experience suggests that CETA may have asked too much, too soon, of a BOS system poorly prepared to handle the responsibilities thrust upon it. Thus far, management capacity has been inadequate to the demands of a ponderous system in which problems faced by local CETA sponsors are exacerbated by the scale and scope of the BOS service area, the plethora of program operators rendering CETA services, excessive federal expectations, and the administrative layering inherent in state government operations. Rather than being in position to articulate program policies, refine decisionmaking procedures, and promote training quality, the BOS staff has struggled simply to function as grants broker and funding conduit for contractors numbering in the hundreds, and projects in the thousands.

At best, the federal influence on the quality of training in the BOS has been benign rather than constructive. CETA regulations have diverted attention at all levels from matters of substance to matters of form, and federal policymakers need to recognize that uniform regulations may not be appropriate for sponsors of widely differing sizes and characteristics. Moreover, federal officials should perhaps consider upgrading and expanding their BOS technical assistance and staff development capabilities, while also assuming at least a share of the responsibility for strengthening substate CETA planning and service delivery capacity.

North Carolina Balance-of-State

North Carolina is the third largest state on the east coast, with 5.8 million people residing in 100 counties and three distinct geographic areas—the mountains, the Piedmont, and the coastal plain. For administering CETA programs, however, the state is divided into 13 prime sponsor jurisdictions: twelve of these sponsors are units of local government, including North Carolina's five largest cities and seven counties with more than 100,000 inhabitants; the thirteenth CETA jurisdiction is the balance-of-state, or BOS.

BOS Area and Administrative Structure

The State of North Carolina serves as CETA prime sponsor for a 90-county BOS area covering 45,000 square miles and comprising 18 multicounty planning regions. Each of these regions covers a territory larger than any local CETA jurisdiction in the state, and annual CETA allocations and enrollments in the BOS are roughly twice those of the 12 local sponsors combined. Other striking features of the BOS are its geographic and economic diversity, the dispersion of its 3.6 million residents, and its paucity of program planning and delivery infrastructures commony accessible to local CETA sponsors.

The BOS is generally characterized as that area lying outside the state's major industrial, educational, and trade centers. A panoply of coastal villages, mountain resorts, mill towns, farming communities, and small-to-medium manufacturing and trade centers, the BOS contains two-thirds of the state's populace with a primarily overwhelmingly rural population. Other than the 12 localities already designated as CETA sponsors, fewer than half-a-dozen towns have more than 50,000 people, and nearly half the state's population resides outside the corporate limits of towns having 2,500 people or more.

After World War II, North Carolina began its transformation from a poor agricultural state to a poor manufacturing state, and its hourly industrial wage rates are currently the nation's lowest. Although the state now attracts more high-technology industry, fully half of its manufacturing jobs still are in the low-wage, declining employment fields of textiles, apparel, and furniture. And, with few exceptions, the more sophisticated industrial newcomers gravitate to the more populous Piedmont cities or to the half-dozen emerging growth centers in the mountains and coastal plain.

The 3.6 million BOS residents represent over 1.2 million households, of which 23 percent are nonwhite and 32 percent contain at least one CETA-eligible member. Demographic data show the incidence of socioeconomic distress to be greatest for minority families and for those headed by women; nearly half of all nonwhite and female-headed families contain at least one individual eligible for CETA services.

Government Structure and CETA Infrastructure

Rural North Carolina had no local infrastructure to absorb large-scale employment and training activities at the time of CETA's inception, although numerous program operators had emerged under federal manpower initiatives of the late 1960s and early 1970s. Creation of a state-financed manpower council in 1971 constituted the first step toward a statewide planning capacity for employment and training programs. Another significant event that year was a gubernatorial executive order designating in each of 17 (now 18) multicounty planning jurisdictions a single regional agent to assist local governments in matters pertaining to state and federal grants. Until 1974, however, these lead regional organizations (LROs) played only a tangential role with respect to manpower programs, serving largely as information brokers and advocates of better coordination among program operators.

In May 1974, just two months before CETA's implementation, North Carolina's first Republican governor since Reconstruction announced the consolidation, at the LRO level, of all responsibilities for federally financed programs concerned with family planning, child development, nutrition, and services to the elderly—programs formerly operated by local community action agencies (CAAs) through contracts with state government. Consonant with the dismantling of OEO nationally, this 1974 state policy sought to eliminate most if not all of North Carolina's CAAs. In effect, LRO boards, comprising elected officials from member local governments, were given control over local "human services" programs. Moreover, LROs were assigned responsibility for planning CETA activities in the BOS and given the option to assume administrative duties for local manpower programs—many of which were operated previously by CAAs. The new policy, while making community-based recipients of federal funds more accountable to local officials, carried no safeguards to protect either the quality of LRO planning or the credentials of LRO staff performing CETA assignments.

Thus, CETA was implemented in July 1974 amidst swirling controversy—a class-action suit against the governor on behalf of 37 CAAs, and the delegation of CETA planning duties in the BOS to nongovernmental entities ill-prepared to handle them effectively. Ironically, the state policymakers who insisted on decentralizing the planning and administration of CETA's Title I programs in 1974 eschewed the opportunity one year later to approach the new Title VI public service employment (PSE) program in the same manner. Instead, they chose to administer PSE funds by negotiating directly with state agencies and local governments or by channeling funds to BOS program agents where required by law.

Although CETA staff and funding have grown immensely since 1975, the BOS system in place during this study remained much the same as it was then. The state sponsor serves primarily as funding conduit and program monitor; all services under Title II-B (old Title I) are still planned by the LROs, and PSE programs are handled directly by local governments except in the growing number of localities where disenchanted elected officials have declined further CETA involvement. One major change, however, is that LROs no longer have the option to administer CETA programs. That experiment, which produced more problems than it solved, was terminated soon after a new governor took office in 1977. Practically every CETA program implemented since 1974 has bypassed the LRO system, although BOS staff have recently begun reversing that trend by assigning LROs new planning and proposal review responsibilities for some youth programs under Title IV.

At the state level, CETA is administered by the department of natural resources and community development (NRCD), a new state agency created in 1977 and headed by a gubernatorial appointee, one of the state's foremost black political leaders. Within NRCD, CETA functions are now lodged in the division of employment and training—a new unit created while this study was in progress, and one of nine NRCD divisions reporting directly to the department's deputy secretary. When the study commenced, the BOS operation was supported by a staff of 190, and functioned independently of the state employment and training council (SETC), also housed within NRCD. In August 1980, however, state officials announced a major CETA reorganization, precipitated by extensive media criticism and the recognition of serious administrative deficiencies.

Under the new arrangements, BOS planning and field operations, SETC activities, and the state's independent CETA monitoring unit were merged into a single NRCD division under a new executive director of employment and training, while all CETA fiscal management, fiscal technical assistance, reporting, and property control functions were assigned to a new independent comptroller. Both the comptroller and the executive director now report to the NRCD deputy secretary.

BOS Funding and Enrollment Levels

Altogether, CETA various titles and special programs accounted for almost $120 million in new BOS allocations in fiscal 1979, when over 70,000 persons participated in state-sponsored CETA programs. The BOS also looms large when enrollments are compared with those of the state's 12 local sponsors: of the 29,500 North Carolinians receiving Title II-B services statewide during the 1979 fiscal year, 18,000 were in the BOS. Of the 41,370 Title IV youth participants statewide, the BOS served over 30,000. And among the state's 26,162 PSE enrollees in 1979, over 19,100 were BOS residents.

To implement its CETA programs, the BOS relies on a staggering number of contractors and local operators.

Although the numbers vary almost daily, the April 1980 count included 272 contractors, 1,665 programs, and 4,881 separate program budgets in effect. This magnitude of CETA activity may explain, at least in part, why the BOS has a six-year history of grant underspending and chronic incompleteness of its statistical reports to the federal regional office.

Prime Sponsor Operations

Owing to the size of its service area, the rapidity of CETA's growth, and the diversity of programs under its purview, the BOS has had little choice but to assume the role of planning facilitator, grants broker, and compliance monitor. The state office has no direct operational role for any CETA program, but serves instead as contracting agent for all funds allocated to the prime sponsor. It is apparent, however, that the administrative approaches employed under various CETA titles are rarely unified and sometimes defy coordination at any level.

Planning and Decisionmaking

Although CETA provides all sponsors the statutory authority to plan their own employment and training programs, the BOS has seldom exercised its planning prerogatives—consistently opting, instead, to delegate decisionmaking authority to others. In essence, planning at the state level consists largely of devising ground rules and timetables for others to follow. Thus, while the BOS staff performs a broad grants planning function, it rarely engages in the more substantive conceptual and operational planning of local CETA activities.

The potential centerpiece of BOS planning (and perhaps the state's best hope for eventually building strong decisionmaking capabilities throughout its rural areas) is the decentralized LRO planning process for Title II-B/C programs—a well-defined and conceptually sound sequence executed under the attentive guidance of state office coordinators. The product of six years' maturation and refinement, this process requires annual analyses of local needs and ultimately determines regional program mix and service delivery strategies. One limitation, however, is that the Title II-B/C funds planned in this manner account for only 20-25 percent of all CETA resources in the typical BOS region.

Planning formats for other CETA titles vary sharply in overall approach, coherence and depth: procedures for Title II-D and VI PSE programs are unrelated to those for Title II-B/C. Not only does Title IV youth planning differ from all other titles, but its program subparts each proceed on independent tracks. And Title VII private sector initiative planning resembles none of the above. Clearly, the tendency since 1974 has been to introduce each new federal initiative under its own special set of "house rules" and administrative approaches—a practice that frustrates the efforts of BOS staff, LRO planners, and local operators to coordinate their respective activities.

The record of BOS planning councils (and many of the substate regional advisory committees) generally has been inauspicious. Four BOS planning councils were appointed in CETA's first six years; each time, initial flurries of council activity gradually subsided into lethargy. The July 1980 meeting of a reconstituted BOS council was its first meeting in more than a year, although three of its subcommittees had served as sounding boards for staff recommendations in the interim. At the LRO level, CETA advisory committees range from a highly active few to those that seem almost nonexistent. One common characteristic, however, is that none engages in planning sufficiently comprehensive to embrace all, or even most, of the various CETA titles and program subparts. Instead, they have focused almost exclusively on Title II-B program mix decisions and, beginning in fiscal 1980, on Title IV summer programs.

Overall, three sets of actors appear to wield greatest influence in BOS planning and decisionmaking—the state staff, LRO planners, and local operators. Their program planning efforts may be constrained, however, by an overabundance of federal CETA rules, regulations, and requirements, by a detached BOS administrative style that seems at times to be systems-oriented almost to a fault, and by well-intended but somewhat inflexible management procedures which can, unless applied judiciously, cause the elimination of good programs on technicalities while failing to correct (or even to notice) serious operational deficiencies in others.

BOS Management Practices

Effective management has been thwarted by instability of BOS leadership and an absence of supportive guidance or policies from top state officials. Given the pressures of CETA's rapid growth, eight directorship changes in six years, and a half-dozen staff reorganizations, it is understandable how management by crisis became the BOS norm. In some respects, internal systems for grant management and program oversight are quite sophisticated; key recordkeeping, verification, and monitoring systems are in place and function well. In other areas, however, the BOS clearly shows the effects of CETA growth that occurred before the state sponsor was prepared to accommodate it.

The state's management information system (MIS), for example, digests a plethora of fiscal, client, and operational data, and it cranks out reams of statistical reports. One possible flaw, however—aside from persistent problems of incompleteness that may be inherent in any system tracking 1,700 programs and 70,000 people—is that data generated for DOL reporting purposes is rarely what BOS managers need to run CETA effectively. Aggregated data can often mask major problems that exist within certain regions or on the part of certain operators. For program managers to identify and correct emerging problems before programs become unsalvageable, however, would require a combination of better and more timely data (disaggregated by locality and program type), and greater familiarity with program processes and specific operational idiosyncrasies than what is now routinely derived through BOS compliance monitoring activities.

The BOS monitors its programs rigorously, but the focus is on technical compliance to the near exclusion of program substance. One 30-page BOS monitoring guide, for instance, examines all imaginable aspects of Title II-B operations other than those concerning program process and content—two variables critical to the quality of CETA training activities. By stressing statutory and regulatory compliance, the monitoring process insures that BOS programs are clean and legal, but it does not permit policymakers to evaluate what works, what doesn't, and why. Evaluation, where attempted at all, occurs only in a handful of regions where LRO planners have devised their own procedures with encouragement and financial help from the state.

Performance data and monitoring reports are incorporated into decisionmaking for some CETA titles through a new system called "demonstrated effectiveness"—a process that exempts proven operators from the competitive bidding required of other prospective contractors. This approach, while still being perfected, resulted from a commendable BOS staff initiative and should help to enhance future program quality. One inherent danger, however, is that it tends to reflect the prime sponsor's propensity to manage yearend reports rather than programs in progress. BOS staff are now taking steps to insure that the process will accomplish more than simply to encourage turnover among program operators.

The independent CETA monitoring unit (IMU) established in 1979 initially bore little relationship to other BOS monitoring efforts, dwelling instead on suspected cases of fiscal abuse. Recently, IMU was placed under a new state CETA director, where its activities can build upon and be coordinated with those of other BOS field monitors. This, in turn, should permit BOS field staff to place greater emphasis on the substantive, qualitative, and systemic problems faced by local operators.

Thus far, the BOS management environment has been one in which planners, managers, auditors, and data specialists communicated only rarely, and where each spoke a different language when discussions were attempted. These problems, however, seem largely attributable to an absence of stable leadership during most of CETA's history, and not to the presence of intractable problems among staff.

Organizational Staffing, Stability, and Development

In June 1980, the 190-member BOS staff included 16 administrative executives, 105 professionals, 66 office and clerical workers, and 3 technicians. Overall, the staff was 52 percent female and 27 percent nonwhite—much higher proportions than in other divisions within the state department responsible for CETA.

The size of the BOS staff at mid-1980 was roughly eight times that during CETA's first year of existence. Problems predictable in any organization undergoing such rapid growth were exacerbated in North Carolina by leadership turnover, sagging staff morale, and the constraints of two personnel systems; the state merit system (of which CETA is a part) and the departmental system governing all divisions within NRCD.

Bringing CETA under the state's merit system in 1977 reduced the incidence of patronage appointments to CETA jobs, but it also had the effect of depressing staff salaries while making it more difficult for BOS managers either to acquire new staff or to reassign those on board. Before being submitted for merit system action, however, all BOS staff changes now must also clear NRCD's own personnel hurdles, and the department has not always proved responsive to urgent CETA requests. For example, a six-month departmental delay in refilling a key PSE grants manager's position—vacated in April 1980—forced a $30 million PSE program to be handled by others on a catch-as-catch-can basis. Other crucial actions, including the appointment of the new CETA director, have been delayed for many, many months.

To put CETA's salary scale into perspective, the current BOS director is responsible for an annual budget only slightly less than that for the entire state community college system, but his $27,000 annual salary upon assuming the position in August 1980 was less than that of a high school principal in the Raleigh area. Typically, other senior administrative positions range downward from the mid-twenties, while middle managers and other professionals earn from the mid-teens to low twenties.

While BOS staff salaries are generally beneath those for comparable jobs in many other state and local agencies in the capital area, they are far better than those for LRO planners and local CETA practitioners across the BOS. With LRO planners making as little as $12,000 annually and local program directors often earning barely more than PSE participants, it is unrealistic to expect CETA to attract proven professionals into its vacant positions. Thus far, however, the state sponsor has had little influence on the regressive wage structures in many rural counties and community organizations, and has seldom attempted to resolve remunerative inequities at either the state or the local level.

Instability at the top, with eight acting or permanent directors in six years, accounts perhaps more than any other factor for the low morale and extensive internal fragmentation evident during this study. Since August 1980, NRCD officials have placed their CETA fortunes in the hands of a proven administrator hired from one of the state's local sponsors, and he has assembled a new management team capable of revitalizing what had become a catatonic BOS operation by mid-year. Given time and continued support from above, qualitative improvements are almost a certainty.

Staff development has seldom been a BOS priority, either in the state office or at the substate planning and operational levels. A CETA-financed employment and training institute was created in 1978 to address this problem, but until recently it shunned staff development in favor of convening numerous CETA-related conferences. While state officials say that past communications problems were largely resolved in 1980, the institute has little credibility with BOS operators and its survival now appears to be in considerable doubt.

Planning and Service Delivery Infrastructure

While the basic Title II-B planning process is conceptually sound, BOS staff recognize that two essentials—CETA planning expertise and LRO organizational commitment—are sometimes lacking at the substate regional level. When the state delegated CETA planning to the LROs in 1974, it set no controls on the qualifications of regional planners or on the performance of quasi-governmental entities whose organizational philosophies tend to reflect rural southern conservatism.

Although CETA pumps millions annually into each of the 18 BOS planning regions, CETA's programs and services seldom receive high LRO priority, and CETA planning positions are often characterized by low pay and high turnover. In the absence of formal training or credentialing standards for new LRO planners, CETA expertise is something acquired chiefly through trial and error. Once acquired, however, this regional expertise can also vanish with the departure of a single experienced individual, which suggests that the BOS planning infrastructure may lack permanence and stability. In many regions, the planning process still centers on program mix, and perhaps no more than half of the present LRO planners are sufficiently skilled to design sound programs or engineer cohesive delivery systems.

Service delivery arrangements vary widely from one region to another, but in most few "systems" exist for delivering CETA services. The BOS designates no presumptive operators of any CETA program, and contractors are selected either by competitive bidding or by certification as having demonstrated effectiveness. Despite the regional variations, however, three delivery agents predominate in the BOS; local offices of the state employment service (ES), local community colleges, and nonprofit community-based organizations.

Depending on regional preferences, programs may be operated by any or all of these organizations independently, one agency may be designated to contract for all programs (offering some services of its own and subcontracting for others) or, as in one region, counties may establish special departments to operate programs under all CETA titles. These latter arrangements, however, are rare; like most rural environs, the BOS area is seldom conducive to highly coordinated delivery systems. Operators and population centers are generally too isolated from one another to relate in any significant way, even for programs under the same CETA title. And, with the multiplicity of BOS administrative approaches to various CETA titles, the design of coordinated comprehensive CETA delivery systems has become a practical impossibility.

Political Climate

In 1980, CETA was a heated election-year issue in North Carolina. Grand juries investigated several contracts with clear political overtones, county commissioners tagged CETA as their least favored federal program in a special statewide poll, the challenger to the incumbent governor made CETA a central issue during his negativist campaign, and the state auditor (an independent elected official) released several reports critical of the state's CETA programs.

Considerable attention focused on the secretary of NRCD, much of it deriving from CETA audits released by the same state auditor whose 1976 opponent was backed by the secretary. Press releases concerning the "resolution" of millions of dollars of questioned CETA costs came across in the newspapers sounding as if state CETA officials were forgiving sloppy program management as a matter of routine. And a programmatic audit of the 1979 summer youth program, performed by the state auditor's staff under contract with DOL's regional office, attempted to discredit CETA officials by alleging poor BOS management of a huge program which, to more informed observers, was an unqualified success.

Politics, whether or not partisan in origin, have clearly affected North Carolina's CETA programs almost from their inception. Not only must BOS administrators cope with political pressures inherent in state government, but they must also consider the preferences of 90 counties whose political leadership may or may not be attuned to federal and state CETA priorities. In the past year, for example, a number of rural BOS counties proved either unable or unwilling to implement the new PSE training provisions under Title II-D. Thus BOS staff members found themselves with difficult political choices; i.e., to deobligate PSE funds in those counties, perhaps inviting clashes with local governments, or to risk more audit exceptions and negative publicity by failing to meet the Title II-D training expenditure requirements.

The Federal Influence

The BOS seems to enjoy excellent rapport with its DOL regional office representative, an individual who clearly has gained both the confidence and respect of state staff in the three years since his present assignment began. Even so, it appears that the relationship is limited. Transactions between state staff and their "fed rep" most often concern matters of technical compliance, federal priorities, and DOL timetables. They rarely extend to the thorny problems of BOS administration and almost never impinge on local program planning or operations. To cover these areas adequately, however, would necessitate a greater commitment of federal field staff than the single individual who currently must divide his time between the BOS sponsor and other inhouse DOL assignments.

State staff and the DOL representative both feel that national policymakers, in devising new programs and implementation strategies, often have failed to give large state sponsors adequate consideration. In the BOS, a CETA system begun in 1974 was loaded heavily—overloaded, in fact—by successive federal initiatives introduced before the state had established its capacity to plan and manage effectively. Moreover, an unending stream of regulations and directives from Washington has hampered BOS efforts to educate even its own in-house staff units, much less those of nearly 300 contractors in 18 substate regions.

Recent developments in the state office raise major questions about the adequacy and the effectiveness of federal oversight as it pertains to large state sponsors. Although DOL conducts annual assessments of BOS performance, these have consistently stressed compliance with new regulations while rarely addressing issues of far greater consequence. In 1980, for instance, DOL's formal assessment found that the BOS private industry council was improperly constituted, that efforts to remove architectural barriers for the handicapped were inadequate, that eligibility verification and enrollee grievance procedures were incomplete, and that inventories of potential PSE contractors were insufficient.

At the time, however, the state's CETA program was in considerable turmoil and receiving widespread media criticism over the mishandling of funds by an OIC affiliate and three private firms headed by the president of the state AFL-CIO. By coincidence, during the same week of the DOL assessment, a special investigative team from the governor's office was compiling its own report, identifying major flaws in BOS contract approval, fiscal management, fiscal technical assistance, and internal coordination procedures. These problems were the proximate cause for the subsequent dismissal of the seventh BOS director, the hiring of an independent CETA comptroller, and a complete reorganization of the state CETA office. None of these crucial points, however, were addressed by the DOL review.

Federal officials may need to consider fundamental changes in both the frequency and scope of their formal assessments if DOL oversight is to become more than a hollow exercise. Experience suggests that one-week visits by unfamiliar teams are insufficient even to recognize substantive problems, much less correct them. Of particular interest to this study was that DOL's assessments of the past four years fail to include a single reference to BOS planning, local service delivery, or the appropriateness and quality of CETA training activities. One problem, apparently, is that rigid instruments devised in Washington force their users to waste hours on trivia, while denying them the flexibility to pursue items of obvious import. Procedural refinements are clearly needed, but may also prove futile so long as DOL's assessments seek only to identify problems without showing CETA sponsors the means for solving them.

The reliability and usefulness of federal statistical reports also seems suspect. It was August 1980, for instance, before the BOS could provide final grant closeout figures on fiscal 1979 expenditures, and these varied considerably from earlier estimates. In the rush to file required DOL reports on time, accuracy and completeness are sometimes unaffordable luxuries—as evidenced by the 7,500-person difference between BOS enrollments reported at the end of fiscal 1979 and the final tallies of carry-forward enrollments later shown in 1980 quarterly summaries. Such major discrepancies are seldom reconciled, however, unless DOL officials compare new reports with those filed previously. And current federal reporting requirements now seem to give neither BOS staff nor DOL recipients enough time to reflect on old reports or to tabulate more accurate updates.

Training Policies, Practices, and Potential for Expansion

To the extent that BOS training policies exist, they are policies implicit in the sponsor's commitment to decentralized planning and program development. All major decisions on training under Title II-B are delegated to the LRO level, while most training decisions with respect to CETA's PSE titles are made at the county level. The BOS has no formal policy preferences regarding the role of training in the CETA services continuum, nor any concerning the alternative types of training provided to CETA's participants. As a result, decisions at the LRO and county levels may be influenced as much by past tradition as by formal planning, and by the needs of institutions as much as the needs of CETA clients.

The absence of coherent BOS policy perhaps also accounts for the fact that training is emphasized in some regions but receives low priority in others. Although training facilities abound in most regions, there are no policy imperatives for LRO planners and local program operators to link with such existing resources as the state's nationally recognized system of community colleges and technical institutes or the state-financed prevocational training programs offered by 47 of the 58 schools in that system.

Owing largely to the 1978 elimination of PSE as an allowable Title II-B activity (one instance in which the BOS *did* devise a clear policy before it became CETA law), the state has gradually increased its proportion of Title II-B dollars spent in support of classroom training and OJT activities from 41 percent of all expenditures in fiscal 1979 to a planned 48 percent in fiscal 1981. By far, the preferred BOS training modes are those offering maximum flexibility in rural labor markets—individual referrals to community college vocational and technical courses, job readiness training of brief duration, and OJT.

Course Selection and Duration of Training

Courses and skills training categories for Title II-B are normally identified during the annual planning process conducted at the substate regional level, and occupational areas are generally limited to those in which there are known demands for additional workers. This process, however, requires little specificity with respect to enrollee targeting or the relative emphasis to be placed on various occupations in on-the-job and individual referral training programs. Lists of *permissible* training categories are developed, but most LRO planners simply delegate to program operators the final determinations on who gets trained and for what.

Duration of skills training varies by planning region, training facility, and occupational area, but in no case is permitted to exceed one year. Typically, class-size skills training ranges from 26 to 52 weeks, while individual referral training conforms to the regular semester or quarterly calendars of local community colleges—varying from as little as three months (for certificate programs, such as nurse aides) to a full year (for diploma programs in business, building trades, and other fields).

Relative Emphasis on Training Versus Other Activities

Despite the appearance of heavy fiscal commitments to training under Title II-B, only 30 percent of the 70,000 fiscal 1979 CETA participants in the BOS were exposed to some form of training activity. Excluding the 6,200 youth who entered brief summer remediation programs, just 22 percent of other CETA enrollees were provided institutional training or OJT. By mid-1980, this figure had increased to 26 percent of all enrollments, largely as a result of gains under CETA's PSE titles. (Most PSE training, however, is of the abbreviated job-search variety; although training of greater depth and duration is being contemplated in some BOS counties, this seems unlikely to occur extensively because of inherent limitations in using PSE as a training vehicle.)

Most BOS training occurs under authority of Title II-B; in fiscal 1979, over 41 percent of all expenditures under this title were associated with institutional and on-the-job training programs. (By comparison, just 2.2 percent of all Title II-D PSE expenditures supported training activities that year, despite a 10 percent statutory requirement—a clear indication of the difficulty the BOS has experienced in implementing the new federal training provisions for PSE.) Viewed by cost category rather than by type of activity, however, a much different pattern emerges: Just 14 percent of all II-B expenditures in 1979 involved the purchase of instructional services and training materials, compared with 61 percent for enrollee wages and allowances, 16 percent for client services, and 9 percent for local administrative costs. Overall, 86 percent of all Title II-B expenditures covered costs other than instruction in occupational, basic literacy, and employability skills programs.

Applicant Access and Participant Characteristics

In several of the better-coordinated regions, CETA applicants have reasonable access to a number of training alternatives; elsewhere, however, both the type and the quality of training an applicant receives depend largely upon which operator's door the individual reaches first.

Concerning who gets referred to which programs, distinct patterns are evident. Blacks and women enter class-size occupational and prevocational training far more frequently than they enter OJT, where whites and males predominate. Veterans are concentrated in individual referral, OJT, and

PSE programs. And, overall, the prime sponsor's PSE enrollees tend to be older, whiter, better educated, and more heavily male than its Title II-B trainees. It may or may not be the state's preference that most of its OJT and individual referral participants are white, while most prevocational and CETA class-size skills training participants are black. But this, apparently, is part of the price paid for decentralized planning in the absence of a BOS training policy framework.

Institutional Training Occupations

Because operations are decentralized and applicant selection decisions have been delegated to nearly 300 contractors, the BOS staff rarely has current information on how many people are being trained, for what, or by whom. Conscientious regional planners and BOS field monitors may keep tabs on their respective substate territories, but there is seldom any state-level aggregation of training data and almost never any analysis. Nine months into fiscal 1980, neither the BOS staff nor the state department of community colleges (which provides most skills training) had generated summary information on fiscal 1979 CETA occupational training categories. Although the state employment service (ES) later compiled a list of occupational titles from its 1979 allowance payment records, BOS managers had no such information until long after training had ended, thus raising the possibility that CETA training activities could, in the aggregate, be inconsistent with BOS occupational growth and demand patterns.

According to ES, 7,212 individuals entered BOS classroom training in fiscal 1979. Of these, 3,135 enrolled in programs offering specific occupational skills, with over two-thirds entering the building trades (19.8 percent), secretarial and general office training (13.1), industrial programs (11.9), medical sciences (11.0), and automotive fields

(10.5). As opposed to the 3,135 enrollees in specific occupational programs, however, the majority of BOS institutional trainees (4,077) entered short-term prevocational, remedial, and developmental activities. Steering 57 percent of all BOS trainees into employability development programs rather than towards specific occupational skills may have been entirely consistent with the needs of disadvantaged applicants in rural labor markets; in the absence of a BOS training policy framework, however, this point remains unaddressed. And while enrolling over 3,000 CETA participants in skills training is no small accomplishment, that number represents but 0.1 percent of the state's labor force and only a tiny fraction of its CETA eligibles.

Placement Results

Analysis of post-training placements revealed that only 25 percent of all BOS institutional training terminees actually entered employment in fiscal 1979, while substate regional placement rates ranged from a high of 45 percent to a low of 7 percent. Overall job accession rates for class-size and individual referral skills training terminees were 29 percent, compared with 27 percent for prevocational training terminees.

Two factors, in particular, seemed to account for the low overall placement rates recorded in 1979—the slackening economy, and the fact that the CETA "count" of terminees entering employment was taken at the time a participant either completed or quit a given program. As a result, the placement percentages failed to include those terminees who obtained jobs within a few days or weeks after their official termination dates. The overall placement rate for institutional training programs was further diminished by the fact that only 9 percent of all basic and remedial education terminees entered employment; instead of moving directly into jobs, most of these were transferred to other CETA titles and programs.

OJT programs, by comparison, reported an overall 55 percent placement rate, with substate regional levels ranging from 24 to 67 percent. The relatively greater placement success under OJT, however, seems largely attributable to the fact that OJT completers are, by definition, already employed. Moreover, post-training retention by the OJT employer is a contractual requirement in the BOS.

Potential for Expansion

In effect, the CETA system in North Carolina has bought in on an existing vocational and technical training resource—the state's community college system, with its annual state appropriations of over $140 million. The scale of this buy-in, however, has been miniscule: The 3,135 CETA individual and class-size trainees enrolled from the BOS last year barely exceeded the annual student enrollment at one school visited during this study, and there are 57 others in the statewide system. Typically, annual CETA enrollment at any one school represents no more than 5 percent of total student enrollment, while CETA accounts for only 2 to 3 percent of the school's annual operating budget.

Ironically, the state's fine system of community colleges and technical institutes, constructed at great public expense just 15 years ago, now finds itself strapped financially by state budgetary constraints on the one hand and spiralling operating costs on the other, while the state's CETA program consistently finds itself unable to spend its annual allocations expeditiously. In short, federal money is abundant in a CETA system unprepared to handle it, while the training system equipped to handle it is money-poor.

Clearly, there is great potential for expansion of BOS training activity. Little would be achieved, however, by simply increasing CETA budgets in community colleges without enunciating clear policy preferences with respect to target groups and training priorities. The prime sponsor should also reconsider current practices that permit dual standards of costs for training programs in nonprofit organizations versus those in mainline institutions.

Training Quality

Based on observations of eight training agencies handling over two dozen BOS training contracts, it appears that CETA thus far has had little influence on the quality of training rendered to its participants. Owing to service area size, federal compliance pressures, post-1978 diversion of staff attention from matters of substance to matters of form, and the administrative discontinuity associated with repeated BOS leadership changes, examining the quality of CETA training has generally been an unaffordable luxury for state staff.

Among the CETA vocational programs observed during this study, those operated in two community colleges were of consistently high quality—the norm for all programs on those campuses. Training curricula not only were thorough but also were developed by committees of local employers and other advisors. The schools, both of them formally accredited, had numerous safeguards to ensure high quality standards. Facilities were both spacious and well equipped, and CETA applicants had access to a broad range of training options on each campus. In contrast, a third institution visited—a Job Corps center operated for DOL by a private firm which also holds a state contract for occupational exploration services in one BOS region—was poorly administered and ill-equipped. The training environment was not only inappropriate for learning, but also threatening to enrollee psychological and physical well-being. Nevertheless, this program serving 10 participants received an annual CETA budget almost as large as that of a community college training 200 people annually in another BOS region.

Prevocational training programs were observed in one county where a state-financed community college program receiving no CETA funds was operating within a mile of an OIC-sponsored pre-job program serving essentially the same clientele. Even though the community college prevocational program in that county has a six-year history of successful programming, is financed under a performance-based state formula, operates with a staff of four, and could have been a tuition-free resource, it is not used as a CETA program. For whatever reasons, the OIC program was instituted two years ago as a special BOS project, is 100 percent CETA funded, has twice the staff and three times the budget, but clearly lacks the experience, staff expertise, and the instructional sophistication of the community college program.

Each of the OJT programs visited—one operated by a community-based organization, one by ES, and a third by the State Department of Labor—was of good overall quality. The strengths of these programs, however, derived not so much from attributes of the CETA system as from the caliber of the individuals staffing them. And, in each case, local staff cited aspects of the current CETA system that tend to suppress rather than enhance program quality. From conversations with these operators, it appears that the BOS system has not yet matured sufficiently to recognize and rectify major systemic problems that may affect a number of substate regions.

ES, for instance, is sometimes ineffective as an OJT contractor because CETA-financed staff in some local offices are constrained unduly by ES convention or diverted from OJT duties by local managers who give CETA low priority. A striking example was seen in one region where the same two individuals handling a state DOL-sponsored OJT program that is considered one of the best in the BOS had met little success while running that program under ES auspices until ES lost its contract two years ago. In another region where ES has an outstanding OJT program, an enlightened local office manager insists that CETA be a top priority of every employee in his office. He has discovered ways to make OJT and other CETA programs not only palatable to local employers, but attractive as well. In effect, he has built a competitive market for OJT contracts, and both his OJT placement and retention rates are consistently high. This manager noted, however, that he had received but one visit for a BOS staff member in the past five years. And, as a result, few ES administrators elsewhere have benefited from the lessons he has learned while spending over 500,000 CETA dollars since 1975.

The OJT program run by a community action agency in another region also enjoys the reputation of quality programming. Its staff indicated, however, that rigid BOS administrative cost limitations have prevented them from maintaining their past effectiveness in the face of the sagging local economy. There are simply too few staff members to handle the increased employer contacts required to locate jobs during recessionary times, and staff who are available desperately need training in OJT marketing techniques in order to reach the larger employers traditionally hesitant to participate in the program. Thus far, however, training provided by the state has consisted of a single workshop to review federal OJT regulations for compliance purposes.

One obvious barrier to improving the overall quality of CETA training in the BOS is the historical absence of even rudimentary evaluative systems capable of comparing various contractors and their implementation strategies, ferreting out approaches that work and those that do not, and isolating the critical variables that seem to make a difference.

Although BOS staff have recently made commendable efforts to engender qualitative improvements through rigorous annual bidding and contractor selection procedures, the unintentional result to date may have been to promote greater turnover among local operators rather than better quality within existing operations.

Conclusions and Recommendations

CETA's legacy in the BOS is one of rapid growth, frequent change, and chronic instability at its highest administrative levels. Despite occasional expressions of interest and commitment from top state government officials, CETA thus far has not received their sustained active involvement. BOS administrators, besides coping with the managerial complexities of a CETA program of immense proportions, must also compensate for operational dispersion, administrative layering, and other limitations seldom confronted by local sponsors. And they must deal with political influences, partisan and otherwise, which raise issues distinctly different from those in most localities, while conforming to the same federal expectations, administrative guidelines, and compliance deadlines as local sponsors.

These and other factors may account for the administrative style typifying BOS operations since 1974—a style that often left little room for attention to qualitative issues. In terms of CETA planning and decisionmaking, the BOS has performed commendably in designing and refining a decentralized planning process for programs under Title II-B, which supports the bulk of BOS training activity. The relative importance of that process has gradually diminished, however, as a gaggle of new programs and CETA titles spawned additional federal requirements and administrative tasks. By fiscal 1980, the result was a multiplicity of loosely-coordinated BOS planning and management systems, most of them circumventing the Title II-B planning system which formerly constituted the heart of the state's decisionmaking process.

Devising unified, cohesive management systems was further frustrated by leadership changes, multiple reorganizations, conflicting CETA goals, and the administrative isolation of BOS staff from local programs. Prime sponsor contact with program operators has tended more to enforce compliance than to assess program content, promote quality, or effect substantive improvements. Fiscal management has been especially difficult, and problems surfacing in 1980 triggered yet another revamping of a BOS administrative structure thus far inadequate to handle the demands placed upon it.

Rather than having to establish a new training system for CETA, the BOS had ready access to occupational and prejob training through the state's existing network of autonomous community colleges, locally-chartered institutions offering many quality safeguards. CETA's buy-in for such training has been small, however, and only rarely has CETA concerned itself with the content or appropriateness of these schools' offerings. Outside the community college system, where some training contractors seem to function without benefit of quality standards, there is evidence that major deficiencies in CETA-funded programs can persist indefinitely. To date, the BOS has placed far more emphasis on managing CETA grants than on creating the policy framework and planning capacity to foster training programs of consistently good quality. And, entering CETA's seventh year, the BOS still has no coherent policies concerning who gets trained, for what, or by whom.

There have been encouraging signs in recent months, however. State CETA leaders and other key state officials now seem to generally agree on the need for devising new training policies and renewing the state's commitment to economic and labor force development—two areas in which CETA can make important contributions. The recently reconstituted state CETA staff—including a new executive director, BOS director, and SETC director—is clearly the most experienced and capable North Carolina has ever had. Given time and the latitude to run CETA openly and professionally, the future may be bright indeed. To date, however, the path has been difficult and the public perception of CETA has deteriorated steadily.

CETA may have expected too much, too soon, of a BOS system poorly prepared to handle the duties heaped upon it since 1974. Yet, other than the assistance provided by the single DOL representative assigned to the BOS, federal guidance has consisted mostly of a flood of written instructions specifying what should be done, but not how. Federal oversight has been concerned far more with numbers and compliance than with capacity-building or substance, and in terms of affecting the quality of CETA training programs, the federal influence has been at best benign, and not constructive. Moreover, recent developments in the BOS seem to raise doubts not only concerning federal capacity to correct major administrative deficiencies, but also concerning the ability of DOL's annual assessment process to even detect them.

The six-year BOS experience indeed reveals problems in the CETA system—some perhaps soluble at the state level, and others clearly insoluble without adjustments in federal expectations for large BOS sponsors. As currently constituted, CETA may be unintentionally biased against states, holding them to the same statutory, regulatory, and reportorial requirements as local sponsors, while ignoring crucial dissimilarities in government structure, politics, delivery infrastructure, geography, and program magnitude. Indeed, federal policymakers may need to reassess CETA's implicit assumption that all sponsors are created equal, and that all should conform to the same set of national policies and operating procedures.

To the extent that North Carolina's experiences are typical of those in other BOS jurisdictions, they may also suggest the need for redefining both the role and the responsibilities CETA now confers on state governments. Almost a third of all CETA funds nationally are administered through states, fully half of which operate at levels of funding and enrollment exceeded by only a handful of localities. Yet DOL's research is rarely aimed at state sponsors, and relatively little is known nationally about the extent to which other states share problems similar to North Carolina's. If optimal results are to be achieved through state-sponsored efforts in the foreseeable future, it may be imperative for policymakers to re-examine the past performance of states as CETA sponsors and, where appropriate, formulate new policies for consideration during CETA's 1982 reauthorization hearings.

In the interim, federal officials should consider immediate upgrading and expansion of their in-house BOS technical assistance and staff development capabilities, could assume at least a share of the responsibility for substate capacity-building, and may need to declare a national moratorium on new programs and policies that fail to recognize inherent BOS limitations. For its part, the state could provide CETA with a more stable operating environment, and it clearly needs to place greater emphasis on the development of substate planning expertise, the creation of coherent CETA training policies, and the articulation of policy preferences to appropriate parties. Another useful step would involve building the capacity to look across regional lines and institutional boundaries to determine what works, what does not, and why. For now, however, these factors seem to be largely unknown.