

EMPLOYMENT TRAINING POLICIES AND POLITICS, 1980-1982:

The Transition From the Comprehensive Employment and Training

Act to the

Job Training Partnership Act of 1982

by

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For Kathy

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"By now, I've come to see that the way government
operates determines the nation's policies. The
operation is the policy, I suppose Marshall
McLuhan might say."

--Senator Eugene McCarthy, Look, 4/1/1969

Key to Acronyms

| | |
|------|---|
| AFDC | Aid to Families with Dependent Children. |
| BLT | Business-Labor Training Program. |
| CBO | Congressional Budget Office. |
| CETA | Comprehensive Employment and Training Act. |
| DOL | U.S. Department of Labor. |
| EEOC | Equal Employment Opportunities Commission. |
| ES | U.S. Employment Service. |
| ETA | Employment and Training Administration of the Dept. of Labor. |
| ETR | <u>Employment and Training Reporter.</u> |
| ETRP | <u>Employment and Training Report of the President.</u> |
| FY | Fiscal year. |
| HEW | U.S. Department of Health, Education and Welfare. |
| HHS | Department of Health and Human Services. |
| HRDI | Human Resources Development Institute of the AFL-CIO. |
| JTPA | Job Training Partnership Act. |
| LMA | Labor Market Area. |
| NAB | National Alliance of Business. |

| | |
|-------|--|
| MDTA | Manpower Development and Training Act of 1962. |
| NACO | National Association of Counties. |
| NCEP | National Commission for Employment Policy. |
| NGA | National Governors' Association. |
| NLC | National League of Cities. |
| NMI | National Manpower Institute. |
| OFCCP | Office of Federal Contract Compliance Programs. |
| OJT | On the job training. |
| OMB | Office of Management and Budget. |
| PIC | Private Industry Council. |
| PLESA | Persons with limited English speaking ability. |
| PSE | Public service employment. |
| PSIP | Private Sector Initiative Program (part of CETA). |
| SDA | Service Delivery Area (in JTPA). |
| SYEP | Summer Youth Employment Program (part of CETA). |
| TJTC | Targeted Jobs Tax Credits (part of CETA). |
| TOP | Targeted Outreach Program (part of CETA). |
| USCM | U.S. Conference of Mayors. |
| WIN | Work Incentive Program (part of CETA). |
| WPA | Works Progress Administration. |
| YACC | Young Adult Conservation Corps. |
| YCCIP | Youth Community Conservation and Improvement Projects. |
| YETP | Youth Employment and Training Program. |

CHAPTER 1

INTRODUCTION

This study will deal with an important period in the development of employment training policy in the United States, the transition between the programs authorized by the Comprehensive Employment and Training Act of 1973 (CETA) and the Job Training Partnership Act (JTPA), passed in 1982.

By employment training policy, I refer to Federally-funded programs to expand training and employment opportunities. Until recently, these programs were called manpower training programs.

Of course, government expenditures and regulations have always had an effect on employment. Some measures, such as the Morrill Act of 1862, establishing the land

grant colleges, or the Works Progress Administration and Civilian Construction Corps of the 1930s, directly stimulated job creation. Macroeconomic policies are meant to expand or contract the demand for labor, among other factors of production, and education policies to affect the supply and quality of labor. But the idea of managing the composition of labor supply and demand, within macroeconomic constraints and for specified social purposes, is a relatively recent one, and still not universally accepted in American political thought.

There has never been a consensus as to the predominant purpose of employment training programs. Defenders of the programs have claimed that they are primarily designed to improve the nation's fund of human capital by providing new skills and job experience. Both defenders and critics have said that employment training programs were primarily welfare programs, cushioning the shock of recession through make-work jobs. Critics of employment training policies have called them only another pork-barrel payoff to political allies, and a new source of patronage.

The development of "active" Federal employment training policies is usually dated from the Kennedy Administration (Marshall et al., 1976:564), when skill

training programs were begun in the Appalachian states (the Area Redevelopment Act of 1961). From modest beginnings, Federal employment training programs grew steadily to a level of more than \$8.9 billion expended and 3.6 million people served during the fiscal year 1980 (ETRP, 1982:27). However, employment training programs tended to be structured more as a result of political considerations than policy analysis or evaluation findings; that is, practice has usually preceded theory. Federal employment training programs have been variously intended as skill training programs, retraining programs for displaced workers, countercyclical (anti-recessionary) public employment, and, primarily, job experience and training programs for the disadvantaged unemployed. Accounts of policy development during the 1960s and early 1970s stress the largely ad hoc, atheoretical nature of employment training policy, along with the frequent political compromises required to pass legislation (Mangum, 1969; Mangum and Walsh, 1973; Davidson, 1972; Kolberg, 1978).

After a considerable period of bipartisan support, employment training became a divisive political issue during the Nixon Administration. In December, 1970, President Nixon vetoed a manpower bill, chiefly because of its provision for public service employment, which Nixon

called "WPA-type jobs" and "dead-end jobs" (Davidson, 1974:103). In 1973, Congress succeeded in passing the Comprehensive Employment and Training Act (CETA), which was subsequently amended in 1975 and 1978. While it is not my aim to summarize the complete development of employment training policy, Chapter Three examines in some detail the final form of CETA and the issues passed on to the drafters of the Joint Training Partnership Act of 1982 (JTPA). Some aspects of CETA, particularly countercyclical public employment, became politically unpopular, and by 1981 the new Reagan administration seemed hostile to Federal employment training efforts in general.

Following Ronald Reagan's election in 1980, the situation was as follows: CETA would expire in 1982 and there was little, if any, support in the Administration for merely extending the program. A new law must be written, encompassing a reformulation of the nation's employment training policy. The Administration and Congress were forced to consider the issues involved in employment training policy and to chart the direction for employment and training during the Reagan Administration.

Four bills were eventually given serious consideration by the Congress: one was a bipartisan measure introduced in the Senate by Senators Dan Quayle (R-Ind.) and Edward Kennedy (D-Mass.), who were, respectively, Chairman and minority leader of the Subcommittee on Employment and Productivity of the Senate Committee on Labor and Human Resources. Generally considered to be representatives of opposed ends of the political spectrum, the two Senators were certainly an odd couple on the face of things, and their reasons for working together will be explored below. A second bill, embodying the views of Democratic CETA supporters, was introduced in the House by Representative Augustus Hawkins, (D-CA), Chairman of the Subcommittee on Employment Opportunities of the Committee on Education and Labor. A third bill was introduced by Representative James Jeffords (R-VT), minority leader of the Subcommittee on Employment Opportunities. The Administration, hampered by a long delay in naming top administrators in the Department of Labor, as well as a scandal involving the Secretary of Labor, Raymond Donovan, delayed for several months before introducing its own bill, which conflicted at many points with the other three. Soon, appeals to bipartisanship fell by the way. Battles were fought at every step of the legislative process, with the threat of

a Presidential veto hanging over Congress' deliberations. The resulting compromise legislation, called the Job Training Partnership Act (JTPA), was passed in September, 1982. It is this forced reformulation of Federal employment training policy that is the subject of my study.

My purpose in this study may be considered to be twofold, although I will contend that the two strands are inseparably intertwined. First is the consideration of the evolving content of employment training policy. The expiration of CETA forced the rethinking of employment training policy, during a period of rapid change in the nation's political climate.

Second is the consideration of the process of policy making, and the interest groups that combined to influence the development of employment training policy. The growing level of Federal employment training expenditures during the 1960s and 1970s stimulated the creation of a large network of persons and organizations with a stake in policy developments. There were those who received services. There were those who provided services, along with the organizations who represented them. There were the state and local governments, who dispensed most of the Federal funds. There were the practitioners of the new

sub-speciality of employment training policy; these experts mixed an interdisciplinary brew of sociology, social work, economics, industrial psychology, and political science, hoping to create a recipe that would match program means to political ends. Finally, there were the members of Congress and the Administration, charged with the development and oversight of Federal legislation. In this context, I will examine the policy preferences of those who participated in the legislative process, as compared to the policies that were actually adopted in legislation. In simpler terms, I wish to discover who wanted what and who got what.

Within the more general context of the process of policy making, I am particularly interested in the phenomenon of subgovernments. Subgovernments are the clusters of individuals who effectively make most of the decisions in a policy area. Subgovernments usually consist of a few members of Congress and their staff, a few bureaucrats, and representatives of private groups interested in the policy area (Cater, 1964; Ripley and Franklin, 1984). The transition from CETA to JTPA illuminates both the functioning of a policy subgovernment and its response to a crisis point, when employment training policy had to be fundamentally reconsidered. Neither the policy that was shaped nor the process that

shaped policy can be explained without reference to each other.

In regard to the structure and function of the employment training policy subgovernment, this study will analyze the way in which the subgovernment produced legislation. The legislative process will be conceptualized as a series of filters, each layer passing a smaller number of options down to the consideration of the next. This conceptualization is not original, but lies well within the mainstream traditions of policy analysis, as will be further discussed in Chapter Two (Cobb and Elder, 1983; Davidson, 1972; 1974). Elements of employment training policy will be characterized as distributive or redistributive, following the distinctions developed by Ripley and Franklin (1984). Congressional voting behavior will be examined in light of the work of Kingdon (1981), and modifications in Kingdon's model will be suggested in order to incorporate the concept of subgovernments. I hope to show that the process of policy making inevitably shapes and limits the content of policy. In the case of JTPA, the policy process produced some ungainly results, with several contradictions between the goals of the legislation and the structures mandated to carry out those goals.

Plan of the Work

Chapter Two deals with theories of the policy process. My conceptualization of the legislative process is detailed, along with consideration of some alternative methods of analysis.

Chapter Three examines the structure of the Comprehensive Employment and Training Act (CETA) in its final form. CETA and the controversies surrounding its administration provided the platform from which new policy initiatives sprang.

Chapter Four considers the role of a special institution, the National Commission for Employment Policy (NCEP). The NCEP was established by law in 1973 to give the President and Congress advice on employment training policy. As an official evaluation and policy organization, the NCEP has played an important and unique role in the development of employment training policy.

Chapter Five describes the transition in Administration employment and training policy from 1978 until 1981. First, the final state and direction of the Carter Administration's employment training policy is examined, along with appraisals of that policy. Then the early development of the Reagan Administration's policy is

outlined, along with some reactions to that policy.

Chapter Six analyzes the policy inputs of the chief interest groups trying to influence CETA's replacement legislation: business, labor, community-based organizations, local and state governments.

Chapters Seven, Eight, and Nine describe the legislative maneuvering that led to the final passage of the Job Training Partnership Act (JTPA). Both the content of the legislation and the roles of the key legislative actors are examined.

Chapter Ten contains the outcome of the debate over the shape of JTPA, and the conclusions of the study; in brief:

1. The development of JTPA was a highly partisan activity. There were strong cleavages, between the Administration and Congress, between Republicans and Democrats in the Congress, among the Federal, local, and state governments, and among business, labor, and community groups.
2. The outcome of the legislative process exemplifies the incremental, pluralist theory of legislation.

3. Although it is too soon to be certain, from the point of view of policy effectiveness, the legislative process appears to have failed. The mix of political structure, administrative controls, and funding passed in JTPA appears to ensure continued muddle in employment training programs.
4. While employment training policy professionals were fighting (and sometimes winning) battles over program structure, the Reagan Administration succeeded in imposing simpler, more general political attitudes on the overall design of the legislation, through a process of "issue expansion," (discussed in Chapter Two). One attitude was the Administration's principle of cutting funds for social spending; another was its punitive attitude toward the disadvantaged, or "blaming the victim."
5. The JTPA development process is a good illustration of the working of a subgovernment, both when operating in its normal mode of incremental, pluralist policy making, and when threatened by "issue expansion" from an outside force (in this case, the Reagan Administration) with the power to challenge the subgovernment. The pivotal role of key sub-committee and committee members was especially apparent, and

will be examined.

6. The employment training subgovernment is shown to be effective at compromising and introducing incremental policy changes. A fundamental change of direction would require issue expansion, or a major realignment of the subgovernment.
7. The employment training subgovernment proved to be responsive to a limited number of well-organized interests, but only when they were able to find allies within the subgovernment.
8. Unfortunately, the compromises produced by political needs do not necessarily match program needs; JTPA turned out to be a patchwork quilt, with an administrative structure apparently mismatched to its funding.

While the interaction of competing interest groups accounts for the main features in the development of JTPA, thus supporting pluralist models, the operation of the subgovernment illustrates that access to the arena where competition takes place is severely limited to those groups that can organize considerable quantities of resources, both political and financial. Critics have said that the American polity is organized to provide

socialism to the rich and capitalism to the poor; we may assert the parallel analogy that the political process provides pluralism for the elites and elitism for the rest.

This is a case study of policy making, with the strengths and weaknesses of the case study method; as Nelson Polaby said in a similar context, "so long as our stock of ideas about policy initiation is relatively primitive, and so long as we are still learning and disagreeing about what a policy is and what an initiation is, the strategy of laying out case studies and searching for ideas about the experience they embody seems not only defensible but desirable" (1984:6; cf. Eckstein, 1975:79-137).

CHAPTER 2

THEORIES OF POLICY MAKING

Policy making and the legislative process have been studied from many perspectives, following several disciplinary approaches. As the influence of the national government on all areas of economic and social life has grown greater throughout this century, the process of policy making has become both more complicated and more important. Consequently, the legislative process has come under increasing scrutiny, both popular and academic.

Studying policy making is complicated, not least because so many characters and interests are apt to be involved in the process. In the case at hand, employment training policy, one must consider the material interests of bureaucrats in the employment training system who want to keep their jobs, and others who would like to get them;

the claims on political resources of local, state and Federal governments; the efforts of Congressmen to win funds for their districts; the influence of employment training policy professionals inside and outside the Government, who have both intellectual and material stakes in legislative outcomes; the interests of employers, unions, and community-based organizations; and, not least, the ideological bias of the administration in power.

Despite a massive literature dealing with legislative policy making, there is no consensus on the issue of who controls the national legislative process. There seems to be a school for every political taste (e.g., Berman, 1962; Bendiner, 1964; Eidenberg and Morey, 1969; Peabody *et al.*, 1972; Redman, 1973; Orfield, 1974; Reid, 1980;). At one extreme, a tiny "power elite" is alleged to control national policy; at the other extreme, there are those who claim no one is in charge, interest groups having the power only to veto the preferences of other groups.

Most (but not all) power elite theorists are leftist in ideology. Their spokesmen have asserted that special interest groups are taking control of the government, that, in the words of Elizabeth Drew, political reporter of The New Yorker, "the basis on which our system of

representative government was supposed to work is slipping away. ...What is at stake is the idea of representative government, the soul of this country" (The Washington Post, 3/27/83:B1). In academic circles, Drew's allies include Marxian scholars, such as Bottomore (1966), Braverman (1974), and Sweezy (1953); the power elite theorists, exemplified by Mills (1955), Domhoff (1970; 1972; 1978; 1979; 1980; 1983), and Sonquist (1976); and, in large part, the network analysts, including Burt (1983), Galaskiewicz (1979), Laumann (1979), and Sonquist (1976).

The opposing viewpoint consists of those views known, to a greater or lesser degree, as pluralist. Pluralist theorizing has a long history in the United States, dating back at least as far as Madison, in the Federalist Papers; pluralism was noted as an empirical phenomenon, in opposition to the development of a class system, by Tocqueville, who, with his usual brilliance, anticipated Marx's class analysis:

To tell the truth, though there are rich men, the class of rich men does not exist; for these rich individuals have no feelings or purposes, no traditions or hopes, in common; there are individuals, therefore, but no definite class. ...[T]he rich [are] not compactly united among themselves (1962 [1838]:436).

Pluralist ideas have considerable currency among contemporary political practitioners as well. Simon Lazarus (who oversaw regulatory policy on the White House domestic policy staff during the Carter Administration, and is currently a Washington lawyer), contended that in the 97th Congress, "PACs [political action committees] could not buy all the votes they wanted, particularly on issues where you might expect their money to count the most" (Wash. Post, 3/27/83:B1). Lazarus concluded that political action committees cannot influence Congressmen to take positions contrary to the "underlying commitment" of the public to health, safety, and environmental protection.

On the same page of the Post, Lloyd Cutler, senior partner of one of Washington's most important political law firms, took an even more radically pluralist position:

America has a fundamental problem: because power in our political system is so diffused, our national government is becoming incoherent and irresponsible. It has become virtually impossible to sustain national leadership; we get new administrations, but they cannot build Congressional majorities that will legislate their policies.*

*Cutler's solution is to reform the Presidential nominating process.

Perhaps the leading light of academic pluralist theorists is Nelson Polsby (1980; 1984). Pluralists are by no means a politically cohesive group, nor are they predominantly rightist in political orientation. An outstanding analysis of the historical development of pluralist thought is provided by Lowi (1979), who views pluralist politics, embodied in what he calls "interest-group liberalism," as the death of of American system of government under the Constitution of 1787; since the late 1960s we have been living in a

Second Republic ...operating under an unwritten constitution [which states that] actual policy making will not come from voter preferences or congressional enactments but from a process of tripartite bargaining between the specialized administrators, relevant members of Congress, and the representatives of self-selected organized interests (1979:xi-xii).

Nonetheless, elitist and pluralist conceptions of the power structure, and the intellectual traditions behind them, provide rival frameworks for the study of policy making. Still, there are many elements that they share. In my view, the crux of the elitist-pluralist argument is not so much over the structure of policy making as the relative power of the interest groups. The issue is the extent to which non-elite or non-capitalist groups are powerful enough to influence the course of government. This question is subject to empirical investigation in

specific instances, and the instance I choose to study is the development of employment training policy.

Policy Making Models

In this section, I wish to establish the theoretical foundations for my study of employment training policy making. I will begin at a quite general level of analysis, then look in greater detail at elements of the policy making system. In tracing the development of a policy, I will integrate and build on earlier work, illustrating how several important theories of policy making fit together, applying models of policy making stages to the data furnished by the case of employment training policy.

Nearly all contemporary studies treat policy making as a system, although a systems approach is not always explicitly recognized, especially in studies of limited areas of the policy making process. A typical comment is the following:

we can see clearly that the locus of the problems of political agenda-building is essentially those processes occurring at the boundaries of the system and its subsystems (Cobb and Elder, 1983:22).

A conception like this leans on the sociological tradition of Parsons, and within that tradition the classic account of a policy making system is Smelser's (1963). While many theorists have explicitly introduced systems models of social processes (e.g., Buckley, 1967; 1968), I will use Smelser's account as an illustrative framework within which more specialized studies can fit.

First, there is a perception of a malfunction in the system, or some other stimulus that initiates activity. Problem recognition "is clearly a subjective conceptual process by consequential organizations" and may itself be the result of negotiations among domain actors (Smelser, 1963:261). Problem recognition will not be a subject of interest in this study. The stimulus for action will be taken as given: the legally mandated expiration of CETA and the necessity for formulating a replacement (cf. Herman, 1980; Lyles and Mitroff, 1980; and Billings, *et al.*, 1980).

Second, various actors propose alternative interpretations of the problem and the need for collective action to deal with it. Option generation is analytically separate, but empirically may occur simultaneously with issue generation. Options are not necessarily generated according to rational procedures. Organizational routines

and standard operating procedures dispose actors toward a stock set of solutions that can be applied across a wide range of problems (Smelser, 1963:262; cf. March and Olsen, 1976).

Third, in discussing the problem, policy domain actors communicate their preferred ways for dealing with the problem and the need for collective action to one another, to non-elite audiences, and to governing actors with the authority to make binding decisions for the subsystem. This step introduces the important concept of agendas, to which we shall presently return.

Fourth, domain actors or coalitions of actors attempt to influence the authorities to place their policy preferences on the governmental agenda for resolution.

Fifth, when an issue reaches the formal agenda, actors mobilize in an effort to influence which preferences become law. This takes place within the formal processes of Congress: mark-up (the line-by-line revision of a bill by a sub-committee or committee), committee votes and reports, floor action, House-Senate conference, final passage. In the real world, the previous point blends seamlessly into this one, since the actors who were formally communicating in the agenda-making stage do not fall silent.

Sixth, "the policy cycle is closed when the authorities select one option to deal with the precipitating policy problem" (Smelser, 1963:260). In Smelser's model, the policy cycle is closed with the authoritative decision, in this case the passage of a law. In American law-making, it is more common that the controversy is further narrowed but not completely settled, since many issues are left to the Executive branch to resolve through administrative regulation (Pressman and Wildavsky, 1973; Bardach, 1977; Kagan, 1978; Neustadt and Fineberg, 1978; Bardach and Kagan, 1982). In the case of JTPA, the battle over administrative regulation is still going on, but I will define that battle as outside the scope of my study.

In the elaborations of Smelser's framework discussed below, the policy making process is conceptualized as a series of filters, each one reducing the number of initiatives that pass on to the next step. A prefatory note of caution may be appropriate here. As with any organizing metaphor, we must remember the dangers of oversimplification for the sake of clarity. EyeStone reminds us that

[t]he issue translation process rarely proceeds step by step from issue definition to the choice of a public policy solution, even though it is convenient to analyze the process in these

discrete segments. More commonly, the definition of an issue is influenced strongly by the available means of response; that is, basically, by habitual ways of thinking (1978:51).

From another perspective, an elite theorist could argue that elite groups can gain access to the public agenda through their control of the mass media. Alternatively, elites could place their preferred policy options on the government agenda through their direct influence on legislators, a byproduct of their economic power. The elite-controlled public relations industry then contributes to the legitimization of elite preferences through manipulation of the mass public. With this reminder that there are competing formulations, we will continue to explore the policy making process using the convenient systems schema.

Agendas

For the purposes of this study, our active interest in the policy process begins with Smelser's third step, the communication of policy preferences and the setting of agendas. Agenda-setting is a central preoccupation of this study.

The importance of studying agenda-building rests on four observations. First,

the distribution of influence and access in any system has inherent biases. Consequently, the system will operate to the favor of some and to the disadvantage of others (Cobb and Elder, 1983:10).

Second, the range of issues and decisional alternatives that can be considered by a polity is restricted. This restriction arises from two sources. "The first is a systems imperative and is predicated on the fact that the processing and attention capabilities of any human organization are necessarily limited" (Cobb and Elder, 1983:10). To the limited attention capabilities of government (cf. Etzioni, 1968, on "scanning units") we must add the observation of Eyestone: "the results of decades of social science research show that the complexity of social issues is usually real, and not just political" (1978:43).

The second source of restriction arises from the fact that

all forms of political organization have a bias in favor of the exploitation of some kinds of conflict and the suppression of others because organization is the mobilization of bias. Some issues are organized into politics while others are organized out (Schattschneider, 1960:71).

Third, the system's inertia makes it extremely difficult to change the prevailing bias in terms of the types of issues and alternatives that are not only considered but also viewed as legitimate concerns of the polity. These limitations militate against radical policy changes. As Eyestone underlines,

the political acceptability of ambitious government is a fragile commodity. Social and economic knowledge, tools, and financial support are necessary for governments to tackle certain kinds of social and economic problems, and without these resources politicians will be reluctant to admit the existence of difficult issues (1978:30).

Fourth,

pre-political, or at least pre-decisional processes often play the most critical role in determining what issues and alternatives are to be considered by the polity and the probable choices that will be made. ...From this perspective, the critical question becomes, How does an issue or a demand become or fail to become the focus of concern and interest within a polity (Cobb and Elder, 1983:10-12)?

Before policy initiatives can be adopted, they must find a place on the national agenda. Cobb and Elder distinguish two types of agendas, the systemic and the formal. The first and more general is the systemic agenda, which

consists of all issues that are commonly perceived by members of the political community as meriting public attention and as involving matters within

the legitimate jurisdiction of existing governmental authority (Cobb and Elder, 1983:85).

Cobb and Elder's work deals extensively with the problems of how issues reach the systemic agenda. An example of such research would be to examine how civil rights became perceived as a national issue requiring Federal legislation in the 1960s, or how fears of the massive unemployment of skilled workers to be caused by automation led to employment training proposals in the late 1950s and early 1960s.

Publics

In their analysis of how issues attain systemic agenda standing and thus access to a formal agenda, Cobb and Elder state the general proposition that the greater the size of the audience that supports an issue, the greater the likelihood that it will attain the systemic and formal agendas (1983:110). This implies that the best means of getting an issue on the agenda is to increase the audience for that issue, and it is this strategy of audience expansion, called "issue expansion" by Cobb and Elder, that occupies a large portion of their work.

Cobb and Elder assert that there is a relationship between the size of the audience an issue can attract and the way the issue is defined. To make more specific propositions, they must first typologize both issue characteristics and audiences.

The problem of defining the relevant audience for policy making has a long history, which need not be summarized here (cf. Dewey, 1927). Cobb and Elder distinguish four general types of "publics" that are relevant to political policy making (1983:105). The public consists of the audience of the activist group that actually participates in social conflict or in policy making activities. The four publics can be imagined as a set of concentric circles, with each larger circle representing a larger and more general public (1983:111).

The smallest, most specific public is called the identification group (cf. Key, 1961:220). The identification group, while its ties with the activist group may vary in strength, nevertheless generally identifies its interests with that of the activist group, and maintains lasting and stable relations with the activist group (Cobb and Elder, 1983:106).

Attention groups form the next larger circle of publics (cf. Rosenau, 1961:37). Persons in attention groups are informed about and interested in certain specific issues, and can be mobilized around those issues.

Like identification groups, they will be aware of a dispute long before it becomes visible or at least before it concerns the general public. However, attention group participation will tend to be dependent on the issues involved in a conflict, whereas identification group involvement centers on the group affiliations of the combatants (Cobb and Elder, 1983:106).

The third ring of publics is termed the "attentive public." This is a "generally informed and interested stratum of the population." Though not homogeneous, the attentive public tends to be relatively stable in composition and comes disproportionately from the more educated and higher income groups (Cobb and Elder, 1983:107, following Rosenau, 1961:39). We might think of this group as those who routinely pay attention to national politics and policies at a level of intellectual engagement greater than television news.

The fourth public, by far the largest, is termed the mass public. "For the general public to be activated, the issues must be highly generalized and symbolic. In fact, it is highly unlikely that this portion of the population will ever be mobilized by a given conflict" (Cobb and

Elder, 1983:107-8). When the mass public does become interested in an issue, its response is apt to be disorganized and short-lived. The themes of Presidential campaigns are geared to arouse the mass public enough to vote for one candidate, and are thus good examples of the mostly symbolic content of mass public appeals.

Issues

Issues themselves may be classified according to five "fundamental definitional dimensions" (Cobb and Elder, 1983:96). Cobb and Elder's dimensions are closely related to Parson's pattern variables (Parsons and Shils, 1951:76-91). Each issue dimension is associated with a hypothesis relating the issue dimension to issue expansion to a larger public:

1. The degree of specificity, or how abstractly or concretely the issue is defined. The related hypothesis is "the more ambiguously an issue is defined, the greater the likelihood that it will reach an expanded public."
2. Social significance relates to whether an issue is peculiar to the immediate participants or has more general social significance: "the more socially significant an issue is defined to be, the greater the

likelihood that it will be expanded to a larger public."

3. Temporal relevance denotes whether the issue is expected to have an immediate, short range effect, or longer-term influence: "the more that an issue is defined as having extended temporal relevance, the greater the chance that it will be exposed to a larger audience."
4. Complexity concerns whether an issue is simple and easily understood, or highly technical: "the more non-technical an issue is defined to be, the greater the likelihood that it will be expanded to a larger public."
5. Categorical precedence indicates whether the issue is a routine matter with clear precedents, or an extraordinary issue or innovation: "the more an issue is defined as lacking in a clear precedent, the greater the chance that it will be expanded to a larger population" (Cobb and Elder, 1983:112-122).

Cobb and Elder propose one supplemental proposition, relevant to issues that reach a mass public: "issues that gain the attention of the mass public must be developed rapidly" (1983:124). This is due to the mass public's

short attention span.

Manipulating the definition of an issue is one of the most important activities of a policy making group, since issue definition is related to the size and commitment of the issue's audience. Consequently, competing parties will often not agree on how issues should be defined. The ability to impose a credible definition of an issue on the confusion produced by competing groups is an important source of clout (Eyestone, 1978:44).

While the above propositions all imply that their converse may be used to limit issue expansion, Cobb and Elder find it convenient to categorize conflict containment strategies according to two general dimensions, group-oriented strategies and issue-oriented strategies. Group-oriented strategies, which focus on the group advocating policies, include discrediting the group, discrediting the leaders of the group, appealing over the heads of leaders to members of the group, and co-opting the leaders of the group. Issue-oriented strategies include symbolic rewards or reassurance (such as sympathetic statements), showcasing or tokenism, creating new organizational units to deal with a problem, anticipation (taking action to forestall an issue before public mobilization), symbol co-optation (for example,

President Nixon's use of the V-for-peace sign), feigned constraint (a form of buck-passing), and postponement--for example, appointing commissions to study the problem (Cobb and Elder, 1983:124-129).

The use of symbols in the presentation of issues to the public is important, since the type of language used may be crucial in bringing the issue to public attention. Symbol utilization is most important in the elevation of a social issue to the systemic agenda. Since my interest lies chiefly in the process of achieving the formal agenda and enactment, I will not take the space here to discuss symbol utilization at length, although there will be times when I will refer to the utilization of symbols during the policy making process. Similarly, Cobb and Elder's concerns with the mass media (Chapter 9) are largely peripheral to my study, since the employment training controversy was rarely mentioned in the mass media, and employment training issues were not expanded to the mass public--in fact, we shall see that only rarely did issues reach the attentive public, through mentions in relatively serious newspapers or magazines.

Formal Agendas

The second type of agenda, called the institutional, governmental, or formal agenda,

may be defined as that set of items explicitly up for the active and serious consideration of authoritative decision makers (Cobb and Elder, 1983:86).

Only a small portion of Cobb and Elder's study is devoted to the means by which demands can be promoted to the formal agenda. Although they remind us that "access to a formal docket is a dynamic process," they base their argument on two propositions. First,

the extent to which an issue is expanded will determine the means by which it achieves recognition. By specifying the extent to which an issue has been enlarged to the four publics discussed earlier, we can determine the probable route by which an issue will attain recognition from governmental officials. Second, the larger the public to which an issue has been expanded, the greater the likelihood of the conflict being placed on the docket (1983:152).

These propositions lead to four hypotheses connecting the size of the audience to the probability of an issue being placed on the formal agenda. First, when "conflicts are confined to identification groups, formal agenda status is most likely to be attained only when disputants threaten to disrupt the system" (Cobb and Elder, 1983:152-3). Threats of violence are an example.

Second, "conflicts that are confined to attention groups are most likely to be brought to the agenda by threats" of imminent sanctions" (1983:155).

Third, "conflicts that are confined to the attentive public are likely to attain the formal agenda through a brokerage channel" (1983:156). Political parties and the mass media are examples of brokerage channels.

Finally, when the mass public becomes involved with an issue, "the response from the system is almost reflexive; decision-makers automatically place the issue on the governmental agenda" (1983:157). However, this does not mean that the issue will necessarily be quickly resolved.

Once the issues are placed on the formal agenda, Cobb and Elder assert that they have a built-in life that assures their existence there for many years. Even if the issue is enacted into law, the administration of the law, its need for continuing appropriations, and its expiration all insure that the issue will remain before Congress. This has two implications for developing new issues. First, since so many old issues are guaranteed a spot on the docket, new issues must generate a considerable amount of attention before they will be considered. Second, one of the best ways of gaining a spot on the formal agenda is

to define the issue in terms of one of the items already on the agenda (1983:158). Such a process took place in the case of employment training programs. The coming expiration of CETA forced consideration of policy, and was also taken as an opportunity to introduce new policy initiatives.

By granting initiatives space on the formal agenda, government "conveys important messages about who and what are socially important, about what is and is not problematic, and about what does and does not fall within the legitimate purview of government" (Cobb and Elder, 1983:172). The symbolic weight of such a step may be as important as material success in enactment, according to theorists such as Murray Edelman, who states that

government affects behavior chiefly by shaping the cognitions of large numbers of people in ambiguous situations. It helps to create their beliefs about what is proper; their perceptions of what is fact; and their expectation of what is to come (1971:7).

It is probably impossible to observe all the ways in which policy preferences are placed on the formal agenda. Although many methods are public, others are private; for example, lobbyists ask Congressmen to add provisions to bills before they are introduced. Some methods are illegal, and are kept secret when possible; such methods

are occasionally uncovered through investigations such as Abscam, when Congressmen were videotaped while taking bribes to introduce private bills. My research is limited to the use of public communications. A primary goal of my study is to determine which policy preferences survived the winnowing of options between the systemic and formal agendas, and which network actors favored the successful preferences. The major portion of Cobb and Elder's work deals with the systemic agenda and the way that social conflicts become issues on the systemic agenda. In contrast, I will be dealing with issues that have already been considered part of the systemic agenda, but must make their way to and through the formal agenda to authoritative decision. I will call systemic agenda items any policy preferences that were held by active participants in the process of creating JTPA, while formal agenda items will be those policy preferences contained in the employment training bills that were introduced in 1981 and subsequently received serious Congressional attention.

Subgovernments

Formal agendas tend to correspond most closely with the views of those who are most politically active (Verba and Nie, 1972:299-333). Thus, the smaller and more insulated the group that actively formulates the formal

agenda, the greater the gap between the systemic and formal agendas is likely to be. Traditionally, elections are supposed to minimize the gap between the two agendas by making politicians accountable to their publics, but the connection is imperfect. In fact, in many areas of policy making, patterns of communication between small, cohesive, and well-organized interest groups and legislators have been routinized, until the actors constitute a relatively closed subsystem. These subsystems have been given many names in the policy making literature: issue networks, communities of policy professionals, iron triangles, gatekeepers, or the term I will adopt here, subgovernments (Heclo, 1978; Wilson, 1980; Derthick, 1979; Easton, 1965; Cater, 1964; Ripley and Franklin, 1984). In my analysis, the Congressional committees charged with creating the employment training agenda are the gatekeepers, and I am concerned with which policy options pass the gates to consideration by the full Congress.

Subgovernments are

small groups of political actors, both governmental and nongovernmental, that specialize in specific issue areas. ... Subgovernments are clusters of individuals that effectively make most of the routine decisions in a given substantive area of policy. ... A typical subgovernment is composed of members of the House and/or Senate, members of Congressional staffs, a few

bureaucrats, and representatives of private groups and organizations interested in the policy area. Usually the members of Congress and staff members are from the committees or subcommittees that have principal or perhaps exclusive jurisdiction over the policy area dominated by the subgovernment (Ripley and Franklin, 1980:9-10).

Subgovernments are a necessary response to the tremendous volume of issues facing the government. No legislator can be an expert in every area of policy; even the most serious must choose a few areas in which to specialize. In those areas, usually congruent with the committees on which he or she sits, the legislator may become a member of the subgovernment. In other areas of policy, the legislator must depend on the judgment of politically like-minded colleagues in the relevant subgovernment.

Subgovernments are "entrenched bureaucratic interests." Their negative capabilities (pace Keats) should not be underestimated: "their significance for the social issue process is largely potential, resting on their ability to defend established privilege against outside efforts to adopt new public-oriented policies, and manifesting itself only when the interests of the subgovernment members are challenged" (Eyestone, 1978:147-148).

Policy Types

In their studies of subgovernments, Ripley and Franklin compared the operation of the subgovernment to the type of issue under consideration. Their focus was on Congressional-bureaucratic relationships, or those between the bureaucrats in Executive departments, such as the Department of Labor, and the Congress, including Congressmen and their professional staff. They acknowledged the important role of the private sector in subgovernments, but private sector input was not their primary interest; rather, they investigated how varying types of policy issues affect the Congressional-bureaucratic relationship within a subgovernment. Accordingly, they have considered the policy literature and developed their own typology of governmental policy (Ripley and Franklin, 1984:21-28).

First, policy is divided according to subject matter: domestic policy versus foreign and defense policy. There are four types of domestic policy: distributive, competitive regulatory, protective regulatory, and redistributive.

The basic notion behind our categorizations is that each type of policy generates and is therefore surrounded by its own distinctive set of political relationships. These relationships in turn help to determine substantive, concrete

outcomes when policy decisions emerge (Ripley and Franklin, 1984:22).

Distributive policies provide subsidies for "private activities and thus convey tangible governmental benefits to the individuals, groups, and corporations subsidized" (Ripley and Franklin, 1984:23). The subgovernments involved in distributive policy are generally stable over time, and their actions exhibit low visibility and a high degree of logrolling for mutual benefit. The Congressional subcommittee generally makes final decisions after consulting other actors.

Competitive regulatory policy is a relatively rare form, "aimed at limiting the provision of specific goods and services to only one or a few designated deliverers who are chosen from a larger number of competing potential deliverers" (Ripley and Franklin, 1984:25). Allocating television channels or airport landing slots are examples. Most decisions in this area are delegated to bureaus, regulatory commissions, or courts.

Protective regulatory policies are designed to protect the public by regulating private activities. Federal regulation of pollution, trade, or securities markets are examples. The actors involved in protective regulatory decisions are less stable than in the

distributive arena, and ultimate decisions are often made by the full House or Senate, or in the White House.

Redistributive policies

...are intended to manipulate the allocation of wealth, property rights, or some other value among social classes or racial groups in society. The redistributive feature enters because a number of actors perceive there are "winners" and "losers" in policies and that policies transfer some value to one group at the expense of another group. Thus the more well off sometimes perceive themselves to be losers in relation to a program that seeks to confer some benefits on the less well off (Ripley and Franklin, 1984:27).

In redistributive issues there are generally ideological opponents, in favor of or opposed to redistribution. Redistributive issues are marked by a high degree of visibility and conflict. The outcome of redistributive issues often depends upon strong presidential leadership and the willingness of participants to retreat from ideological stances and adopt compromises (Ripley and Franklin, 1984:27).

It is perhaps a useful oversimplification to characterize distributive issues as those in which resources flow from the less to the more affluent, while in redistributive policy the flow is in the other direction. What Ripley and Franklin have shown is that in policy making the current flows more smoothly and swiftly

in the distributive direction, while redistributive policies must battle upstream. This formulation is fully consonant with the views of the more explicitly leftist theorists mentioned above.

To anticipate our narrative somewhat, employment training programs are predominantly distributive in character, though with some redistributive elements (and with some disagreement among the parties about which is which). Thus, Ripley and Franklin's comments on distributive policy making will be of most interest.

The interactions of the members of the subgovernment that emerge once a subsidy pattern has been established are characterized by a low level of public visibility and by a high degree of mutually rewarding cooperation (logrolling) that facilitates both perpetuation of the subsidies within the subsystem and its continued low visibility. Cooperation and logrolling also mark the relationship between legislative members of the subgovernment and the rest of the House and Senate. Eventually most members of Congress want to set up subsidies for groups they support and need cooperation to do so (1984:99).

Franklin and Ripley's propositions concerning the expectations about the Congressional-bureaucratic relationship during policy formation in distributive policy may be concisely summarized.

1. The importance of the subgovernment in the policy area is typically high; the subgovernment is the major locus of decision making.
2. The range of issues decided by the subgovernment is broad.
3. The importance of the subgovernment in determining final policy actions is high.
4. The degree of cooperation between Congress and the bureaucracy is high, as both have primary interest in pleasing clients.
5. The normal mode and locus of conflict resolution is face to face negotiation with the subgovernment. Conflicts are rarely transferred to a higher level, and visibility (issue expansion) is low.
6. The usual substance of conflict resolution is incremental compromise between initial specific positions.
7. When conflict persists, the dominant institution is usually Congress, typically at the subcommittee level.

In contrast, expectations about Congressional-bureaucratic relationships during redistributive policy formation are very different.

1. The importance of the subgovernment is usually low, with major decisions made by the executive branch interacting with peak associations.
2. The range of issues decided by subgovernment is very narrow.
3. The importance of the subgovernment in determining final policy actions is low.
4. There is potentially high conflict between Congress and bureaucracy, based on partisan and ideological differences; cooperation is sometimes made possible by redefining the issue as distributive. We shall see in the next chapter that this process took place several times during the legislative history of CETA.
5. Conflicts are normally not resolved within the subgovernment, but resolution is transferred to a higher level.
6. The substance of conflict resolution is broader compromise at a higher level, redefinition of issues in diatributive terms, or nonresolution.

7. Which institution is dominant when conflict persists depends on relative partisan and ideological strength in Congress (Ripley and Franklin, 1984:100).

While formulating an ideal type of subgovernment operation, Ripley and Franklin are quick to point out that subgovernments are rarely completely immune to scrutiny from outsiders. Subgovernment operations can be challenged by a number of factors--disagreement among members; the intrusion of outsiders, such as a new Administration trying to control policy implementation; the introduction of new issues; or the redefinition of distributive issues in nondistributive terms (1984:104-105).

Subgovernment types

Accordingly, there may be variations in the pattern of Congressional-bureaucratic relationships in distributive policy making. The most common pattern is expected to be subgovernment dominance. Subgovernment dominance describes the typical pattern, in which subgovernments decide issues without serious challenge from those outside the subgovernment. If there are challenges, they are relatively easily met by the subgovernment. Policy outcomes favor the interest of

those within the subgovernment, and its policy domain is relatively stable.

A variation on the subgovernment dominance pattern is major subgovernment adaptation, which is required when challenges to the subgovernment become powerful. The subgovernment must then adapt to the challenge to its authority, and will either reestablish its dominance, though with some accommodation to new forces, or will disintegrate or be supplanted by a competing set of interests represented in another subgovernment.

Competing subgovernments, a third variation, may result when issue jurisdictions overlap. Finally, subgovernment disintegration, a rare occurrence, may take place because the subgovernment loses jurisdiction over its issues, because it collapses in the face of a major challenge, or because of key personnel changes in the critical units of the subgovernment (Ripley and Franklin, 1984:105-106).

Ripley and Franklin relate the variations in subgovernment types to policy outcomes over time, the stability of the subgovernment domain, and to the strength and frequency of challenges. They view the redistributive potential of employment training programs as modified or disguised for the benefit

Major subgovernment situations
in distributive policy making

| Attributes of situation | Subgovernment position | | |
|--------------------------------------|------------------------|----------------------------|----------------------------|
| | Major Dominance | Competing adaptation | subgovernments |
| Short-run policy outcomes | Favorable | Mixed | Mixed |
| Long-run policy outcomes | Favorable | Favorable | Mixed |
| Stability of subgovt. domain | High; may expand | Low | Low to moderate |
| Strength and frequency of challenges | Low; sporadic | Moderate to high; frequent | Moderate to high; frequent |

(Ripley and Franklin, 1984:108)

of Congress in the form of special revenue sharing activities, means for passing federal funds to states and localities for a particular use. As we shall see in more detail in the next chapter, special revenue sharing was a concept adopted by the Nixon Administration and applied to employment training programs during the design of CETA.

To Ripley and Franklin,

special revenue sharing programs seem to be replacing programs with considerable redistributive potential (which were perceived as such by the participants) with programs that emphasize distributive potential much more (and which are generally perceived in terms of their distributive features). Now the clients receiving

benefits are governmental units--states, cities, counties--rather than a class of persons--the economically disadvantaged. The choices about who gets what at the expense of whom (the essence of a redistributive program) are fussed over by the use of a formula to allocate funds and by the stress on local control (1984:189).

If redistributive issues are discussed at all, the discussion may take place in the executive department (the Department of Labor in the case of CETA and JTPA) or at the local level.

The Individual Congressman

This view of the policy making process, focusing on group approaches, can be extended and enriched by considering the role of the individual Congressman. The dynamics of Congressmen's voting decisions have been studied by Kingdon (1981). His work, concerning how Congressmen vote on issues on which they are not experts, fits into our conceptual framework and provides an explanation of the individual legislator's behavior that is complementary to the analysis of interest-group politics and subgovernments.

Kingdon adopts a general model of policy making similar to that described above, with successively narrowing boundaries of alternatives subject to consideration (Kingdon, 1981:289-91). If Kingdon's

description of successively narrowing boundaries is somewhat less detailed than Cobb and Elder's or Franklin and Ripley's, it is because Kingdon's focus is on individual voting behavior and the context within which Congressmen make their voting decisions.

The volume of legislation considered by Congress is so great that no Congressman can hope to study every proposal. He must decide, first, in what areas of policy he will develop an expertise. These areas are almost always related to the committees and subcommittees to which he is assigned. Second, he must decide how he will make up his mind about issues on which he is not a specialist. It is this process that most interests Kingdon.

Kingdon concludes that Congressmen are most influenced by like-minded colleagues. Colleagues on different committees are identified as specialists in certain policy areas. They are then judged according to their specialties and by their political orientation, in a two-factor summary process (Kingdon, 1981:75-95).

Structural characteristics of Congressional decision-making are equally important. The influence of committees and party leadership, with its control of scheduling, parliamentary rules, sanctions, and

communications, is often decisive (Kingdon, 1981:123-33). The vast majority of issues are settled in committees and subcommittees. It is the job of the committee to generate consensus. "Bills about which the rest of the House does not care intensely" are completely determined by committee action; this includes most appropriations bills (Kingdon, 1981:139-40). When it looks as though no consensus is possible, the committee's job is either to block further consideration of the bill, or to generate alternatives for the consideration of the whole House (Kingdon, 1981:140-42).

The Consensus Mode

Kingdon finds that no one set of actors--the Congressman's constituency, House colleagues, interest groups, party leadership, the administration, or his/her staff--has a pre-eminent influence on decision making, but all contribute to a decision process that Kingdon calls the consensus mode (Kingdon, 1981:242-3). Kingdon has developed a model of legislative decision-making that describes the consensus mode. The Congressman's overriding question in beginning the consideration of any issue is to decide whether the issue is controversial. To make that decision, the Congressman must be in touch with the preferences of colleagues and interest groups.

If there is little or no controversy, the Congressman's voting decision is simple: vote with the environment (the way everyone else is planning to vote). The steps in the decision-making model may be followed in Figure 1.

If there is conflict in the environment, the Congressman proceeds to Step B, the consideration of conflict among the field of forces close to him--his trusted associates, his own constituency, or interest groups who support him. "If he finds his personal field of forces free of conflict, then the Congressman votes with that field" (Kingdon, 1981:245).

Only if there is a conflict among his relevant actors must the Congressman consider his goals (Step C), or what he hopes to accomplish by voting one way or the other (Kingdon, 1981:245). Kingdon classifies goals into three types:

1. Satisfying constituents.
2. Intra-Washington influence. One takes such influence into account in order to build influence within the government, a wider group than the House itself. Considerations include going along with one's party leadership, trading favors with fellow legislators,

FIGURE 1

STEP



and following the lead of the Administration,
particularly if the President is of the same party.

3. Good public policy. Every legislator has a conception of what makes good public policy, formed by his interests and ideology (Kingdon, 1981:246-9).

For any particular issue, any, all or none of the goals may pass a critical threshold of importance. The decision tree in Step C sorts out the considerations for voting according to goal hierarchies. If goals are not important in the decision, the model predicts that the Congressman will vote according to cues from House colleagues (Step D).

Kingdon's consensus model of Congressional voting behavior ties together the structure of the legislative process and the individual considerations of the Congressman. For us, it helps pinpoint the key figures on whom to focus in the development of legislation, those specialists who provide the cues within the Congress: in the first rank, the committee and subcommittee chairmen and minority leaders; in the second rank, other subcommittee and committee members. We should expect these persons to be leaders of the employment training subgovernment during the development of JTPA.

Employment Training Policy: Prior Studies

A small, but distinguished group of academic researchers has chronicled the development of employment training policy. The study of employment training policy does not have disciplinary pretensions; its practitioners, mostly economists or sociologists, have taken an eclectic approach.

There are several excellent studies of the early development and prospects for employment training policy (Ginzberg, 1975; Levitan and Zickler, 1974; Mangum, 1978; 1979; Mangum and Walsh, 1973; Ruttenberg, 1970). These studies, while always descriptive and sometimes prescriptive, are explicitly concerned with the developing content of employment training policy, and not primarily concerned with theorizing about the process of policy making. Three authors, though, have more explicitly dealt with that theme.

Roger Davidson (1972; 1974) invokes Cater's (1964) concept of the subgovernment in his histories of the passage of CETA. His The Politics of Comprehensive Manpower Legislation (1972) deals extensively with attempts to consolidate coordination and control of employment training programs in the late 1960s and early 1970s. Davidson concentrates on "the frustrating history

of comprehensive manpower legislation between 1969 and 1971," when Congress passed new legislation, the Employment and Manpower Act, only to have it vetoed by President Nixon (1972:9).

Davidson contends that the development of the Employment and Manpower Act "shattered the cozy manpower coalition of the 1960s" (Davidson, 1972:71). Employment training programs had been spread around piecemeal during the 1960s. The Department of Labor funded cities and counties; the Department of Health, Education, and Welfare funded vocational educators; state employment security agencies had their own programs, as did the Office of Economic Opportunity, working through Community Action Agencies. Although there was a struggle, most of these programs were eventually consolidated under the Department of Labor.

President Nixon vetoed the Employment and Manpower Act primarily because it contained provisions establishing public service employment programs--the Federally-funded creation of jobs in state and local governments. The rocks upon which the Employment and Manpower Act foundered were

ideological divisions which harked back to the very beginning of the modern era of governmental involvement in the economy, dating from the

Depression days. Public service employment--whether one thought of it as new opportunity or as "WPA-type jobs"--was a symbol to which people reacted quite apart from the details of the situation. It was the kind of issue which had divided Democrats and Republicans, liberals and conservatives, for more than a generation; and although such issues were thought to be fading from the scene, it was revived by a period of high unemployment (Davidson, 1972:71).

As we shall see, public service employment was included in employment training legislation in 1973, and has remained a topic of ideological controversy to this day. In the terms of our policy making model, what was seen by the Carter Administration as a distributive policy was reinterpreted by the Reagan Administration as a redistributive one.

The Nixon Administration also introduced its own element of ideological divisiveness into the employment training controversy. The Administration had its own strategy for recapturing the political initiative. At least since President Johnson's Great Society, it has been a strategy of new Administrations to choose a simple theme as a catchword, and to translate that theme into policy. The Nixon Administration chose the theme New Federalism, a symbol intended for the mass public, and it expressed that theme through the controversial idea of revenue sharing block grants. Thus, the Republican distaste for public service employment opposed the Democratic distaste for

revenue sharing.

Due in part to concern over rising unemployment, employment training legislation was a high priority item in 1971 and 1972. Even while vetoing the 1971 bill, Nixon promised to submit new legislation quickly. While election year pressure led to the passage of a small public service employment bill in 1972 (the Emergency Employment Act, with one billion dollars funding), employment training reorganization and reform was put off until after the election. Employment stimulus had more political appeal than the procedural issues of reorganization.

In contrast to procedural issues, the bread-and-butter issues of Federal services, and the dollars that go with them, are easily assimilated and dealt with by elective officials. Even the potential beneficiaries of manpower reorganization--the mayors, and to a lesser extent the governors--showed less enthusiasm for the niceties of procedures than for the dollars they hoped to gain (Davidson, 1972:94).

Reorganization would have to wait for the passage of the Comprehensive Employment and Training Act of 1973, discussed in Chapter 3.

In Davidson's 1974 article, "Policy Making in the Manpower Subgovernment," he applied Cater's concept of subgovernment to the substance of his 1972 book. The manpower subgovernment comprises the administrators,

legislators, and clients of manpower programs. Davidson was concerned with the responsiveness of subgovernments to public needs.

Many have become closed systems, stubbornly resistant to the demands of newly sensitized groups or even to the routine intrusion of concerned citizens. Control of subgovernments therefore forms a fundamental issue in future domestic politics (Davidson, 1974:83).

The struggles over employment training reform during the 1969-1971 period led Davidson to three conclusions about the employment training subgovernment. First, it is marked by internal complexity. The employment training community consists of a variety of agencies and interest groups, each competing for a piece of the action. Once initiated, programs generate "virtually irresistible pressures for their perpetuation." The resulting structure is programmatically compartmentalized and difficult to modify (Davidson, 1974:105).

Second, the administrative components of the subgovernment are vertically integrated rather than horizontally coordinated. That is, employment training programs bind together local, state, and national governments. Authority runs vertically between the levels; it is not shared between governments at the same level. Coordination between programs at any one level is

practically nonexistent (Davidson, 1974:105).

Finally, the employment training subgovernment is functionally autonomous. Those outside the subgovernment have very little influence, and even clients of employment training services have had little success in trying to participate in the subgovernment.

As a result of their relative autonomy, subgovernments are highly resistant to change. Only a widespread public outcry can penetrate the stout defenses they erect; and for most of the time, the operations of the manpower subgovernment excite little interest from the general public (Davidson, 1974:106).

One of the aims of this study is to compare Davidson's portrait of the subgovernment in 1969-73 to its operation in 1981-82.

Another work that deserves mention, for its careful study of the passage and implementation of CETA, is that of Johnston (1979). In her dissertation concerning the Federal role in CETA, Johnston related the development of the Federal role in CETA to Graham Allison's (1971) three models of decision-making. Allison classified decision-making into the Rational Actor model, the Organizational Process model, and the Governmental (bureaucratic) Politics model. The Rational Actor model assumes a unitary focus, a single actor with a rational aim, weighing costs and benefits to make a

value-maximizing choice. Paul Peterson, expanding on Allison's definition, pointed out that the rational actor model can be extended to institutional rationality, which "does not assume that the actors have a consistent hierarchy of values," but only that they choose the policy alternative best suited to their goals (Peterson, 1976:130).

The Organizational Process model depends on options provided by organizations and organizational capabilities, with choices made within those constraints (Allison, 1971:79). The Governmental Politics model is rooted in the pluralist tradition; government actions are the "political resultants" of bargaining games (Allison, 1971:144-147).

Although Johnston's study provides an extremely comprehensive and lucid account of the development of CETA and its subsequent regulation, the process did not fit any of the three models very well. She concluded that, when applied to employment training policy making in CETA, Allison's models were insufficient. None

offered a completely satisfactory explanation by itself. Rather, all three models contributed something to an understanding of the new legislation [CETA], even though they might appear to be contradictory on the surface (Johnston, 1974:241).

Johnston also used the classification of government legislative actions developed by Ripley and Franklin (1980).

Finally, I will from time to time refer to a work written from the perspective of an important insider in the employment training subgovernment. Kolberg's personal view of developing employment training legislation is not explicitly theoretical, but is an "insider" account that clearly fits into the pluralist school, stressing interest group demands and political bargaining between party factions in Congress and the Administration (Kolberg, 1978).

An alternative approach to policy networks

Subgovernment is a concept from political science, coined by Cater and developed by others, as discussed above. The concept of policy network comes from Knoke and Laumann (1982), sociologists allied to that group interested in the study of formal network analysis. Network analysts, working from a systems perspective, chart defined relationships between actors in a system; they then use various quantitative techniques to summarize or classify the system's actors and their relationships (Burt and Minor, 1983).

David Knoke and Edward O. Laumann broke new ground when they extended the scope of network analysis to the study of national policy domains (1982).^{*} Knoke and Laumann's interests are quite similar to those of Cobb and Elder, although their approach is from a somewhat different direction.

We ask a fundamental question: How does the social organization of relations among the elite actors constituting a national policy domain affect the process by which policy proposals are generated and put on the national policy agenda? (Knoke and Laumann, 1982:255).

Despite a similarity in goals, Knoke and Laumann proceed along a different tack, because they define the importance of a policy organization according to its structural position within a network, rather than by the influence of results the organization achieves. Also, their interest lies mainly in how groups generate policies and place them on the formal agenda.

To clarify these points, I must examine Knoke and Laumann's reasoning rather closely. They also adopt a general model of policy making based on Smelser, and reject Allison's rational actor model of decision making in favor of a more ambiguous organizational model similar

*They are studying energy and health policy making.

to that of March and Olsen (1976). My study shares these choices with theirs.

They consider their work firmly grounded in the tradition of "elite" research, and contend that while there are serious limitations inherent in attempts to identify a comprehensive national elite, their subsystems approach, concentrating on delimited policy domains, "provides a more realistic alternative capable of addressing theoretical issues of elite analysis in a productive and insightful manner" (Knoke and Laumann, 1980:3).

They define policy domain as:

A subsystem identified by specifying a substantively defined criterion of mutual relevance or common orientation among a set of consequential actors concerned with formulating, advocating, and selecting courses of action (that is, policy options) that are intended to resolve the delimited substantive problems in question.

...The active participants in a policy domain include all consequential organizations that have responsibility for directing, coordinating, or otherwise controlling the creation and distribution of domain values (symbolic or material) pertaining to the subsystem's primary function or to externalities that are thereby engendered. An organization's consequentiality in a particular domain is established by the extent to which its actions are taken regularly into account in the actions of other domain participants. Of particular significance is the set of organizations that occupies the dominant structural positions in the subsystem from which influence over collective decision making can be

exercised. This set comprises the elite or core organizations of the policy domain (Knoke and Laumann, 1982:256-257).

Network Definition

From these definitions, it is not immediately obvious how the analyst might identify the active and elite participants in a real policy domain. However, one of Knoke and Laumann's virtues as network analysts is their careful attention to definitional issues. The widespread interest of network analysts in mathematical techniques necessitates a careful attention to the definition of network boundaries, and this sharpened perception can assist students of policy making, whatever their methodological approach. The issues involved are effectively summarized in Laumann, Marsden and Prensky (1983), in which the authors construct a typology of boundary definition strategies. An imprecise use of network inclusion rules can lead to studies that reveal little more than tautologies.

In view of the potential consequences of an incorrect specification of system boundaries in network analysis, it is somewhat surprising that the published literature reporting studies of social networks shows little concern for the problem of specifying the inclusion rules used in defining the membership of actors in particular networks and in identifying the types of social relationships to be analyzed (Laumann, Marsden and Prensky, 1983:19).

Their typology has two dimensions: (1) metatheoretical perspective, and (2) definitional focus for delineation. Two major approaches to network closure are defined. The first, called the realist approach, treats networks as groups that are consciously experienced by the actors forming the groups. "The realist strategy of setting network boundaries by definition assumes the proposition that a social entity exists as a collectively shared subjective awareness of all, or at least most, of the actors who are members" (Laumann, Maraden and Prensky, 1983:21). This definition follows the lead of Weber, and the classic example would be Weber's definition of a Verband as "a social relationship which is either closed or limits the admission of outsiders by rules" (Weber, 1947:145). The realist approach does not require relational ties between all members of a group.

The second perspective is the nominalist:

here, an analyst self-consciously imposes a conceptual framework constructed to serve his own analytical purposes. Delineation of network boundaries is analytically relative to the purposes of the investigator, and thus network closure has no ontologically independent status (Laumann, Maraden and Prensky, 1983:21-2).

Parsons' pattern-variable scheme is a classic example of nominalist social investigation.

Marx illustrates the combined realist and nominalist approach. In his conception of social class

...one begins with the nominalist concept of class-in-itself (Klasse an sich) and inquires into the conditions under which this will or will not be transformed into the realist grouping, a class-for-itself (Klasse fuer sich) (Laumann, Marasden and Prensky, 1983:22).

The second dimension of Laumann et al.'s typology is the definitional focus for delimitation. There are four commonly-used definitional tactics. First is "that of using a restriction based on some attribute or characteristic of the actors or nodes in the network" (Laumann, Marasden and Prensky, 1983:23). The second tactic is "that of specifying the network such that it includes those actors participating in a social relationship of a specified type", the relational approach. Third is participation in a defining event or activity. Fourth is the multiple foci approach, combining more than one of the first three tactics. While the multiple foci tactic

...may lead to theoretically elegant definitions of membership, it also has a major weakness, in that it reduces the number of problematic features to be explained given knowledge of network structure (Laumann, Marasden and Prensky, 1983:24).

Knoke and Laumann propose to identify network actors by

counting the frequency of occurrences in national news media, appearances at congressional hearings, and participation in lobbying and court cases, and a final scrutiny of the list by a panel of expert insiders (1982:258).

Once the network is aggregated, Knoke and Laumann focus on the exchange of information, emphasizing "how the social organization of timely and trustworthy information flow from interested core actors to the proximate authorities defines and constrains the nature of the policy debate and its outcome" (1982:264).

Communication and Centrality

Taking the social structure of policy domains as the main independent variable in explaining variations in the policy process, Knoke and Laumann define "information transmission, or the communication pattern, ...as the primary relationship among consequential actors in a domain's social structure" (1982:264-5). To gather primary data on network social structure, they will ask

actors to identify the usual or typical partners to whom they send and from whom they receive various kinds of information about subsystem matters. The researcher then reconstructs the communication structure by aggregating these routine dyadic exchanges of information

(1982:265).

The network elite corresponds to those actors best fulfilling mathematical measures of network centrality. In the terms of the typology above, Knoke and Laumann's method may be classified as nominal and relational. I will contrast this with my method shortly; first, we will examine the range of hypotheses generated by Knoke and Laumann's approach. With social structure defined as patterns of communication, "to hypothesize about the effects of domain structure on the policy process, we must understand the various ways communication structures can differ from each other" (1982:265).

Knoke and Laumann construct hypotheses concerning four dimensions of domain social organization: centralization of the preexisting communication structure, polarization of event-specific structures, the constitutional basis for making collective decisions, and the distribution of resources among the actors. The first dimension, centralization of the preexisting communication structure, is the "degree to which control over information transmission is concentrated among positions." Hypotheses relating to centralization include (1) "the more centralized a domain's communication structure, the smaller the number of policy options generated and the

fewer the positions involved in generating policy options for any given issue; and (2) "the more centralized the communication structure, the more rapidly are policy options winnowed and the shorter the time required for an issue to reach the governmental agenda" (Knoke and Laumann, 1982:266).

Second, polarization on event-specific structures measures the extent to which domain actors hold competing policy preferences. Sample hypotheses are (1) "the less centralized a domain's preexisting communication structure, the more likely is a polarized structure to emerge on a specific event;" and (2) "the more polarized the specific event structure, the longer the time required for alternatives to be winnowed and for the event to reach the government agenda" (Knoke and Laumann, 1982:267).

Third, the constitutional basis for making collective decisions describes whether the domain actor is a governmental organization, a confederated organization, or a monocephalic organization. Selected hypotheses are (1) "monocephalic organizations are the quickest to become involved in the recognition of problems and the generation of policy options, while confederated organizations are the slowest to act;" and (2) "the more centralized a domain's communication structure, the more likely that the

central positions will be occupied by monocephalic or governmental actors and that the periphery will consist of federated actors" (Knoke and Laumann, 1982:269).

Finally, resource distribution measures the resources available to domain actors. Sample hypotheses are (1) "the more equal the distribution of resources among positions in a domain, the larger the number of actors involved in problem recognition and in option generation for issues;" and (2) the more equal the distribution of resources among positions, the less rapidly will the options be winnowed and the less rapidly will the issue reach the governmental agenda" (Knoke and Laumann, 1982:270).

Knoke and Laumann's scheme is conceptually elegant, rigorously developed, and generates interesting and relevant hypotheses. Why not adopt their approach? The chief weakness of the approach is the choice, and, especially, the operationalization of the independent variable. They define the elite actors of the policy domain as those who hold central positions in the domain's communication network. Data is gathered by interviewing organization representatives in order to reconstruct communication patterns. This seems to me the potentially fatal flaw in the method. Reconstructing communications

patterns from interviews is likely to yield data of quite suspect robustness and resistance (Mosteller and Tukey, 1977:Ch. 10). The method relies too much on fallible informants to serve reliably as the basis for rigorous quantitative analysis on such a large scale. Further, the calculation of network positions treats all communications as of equal significance, an assumption certainly not in keeping with the views of other elite theorists. That my call to a Congressman should be structurally equivalent to the chairman of Exxon's call offends my sense of the policy process. Thus, the aggregation of "routine dyadic exchanges of information" does not ensure that true measures of "consequentiality" will be captured.

Nevertheless, their study contains valuable guidelines for network definition. In this study, my method of identifying network actors is similar to Knoke and Laumann's. I define the network of interest as the organizations that were involved in the reauthorization of the Comprehensive Employment and Training Act (CETA) as the Job Training Partnership Act (JTPA). Specifically, the network of interested organizations includes all those mentioned in the following sources:

1. Organizations represented at hearings held by the relevant committees.
2. Organizations mentioned in the Congressional Record during debates on JTPA.
3. Organizations mentioned in the newsletter Employment and Training Reporter as attempting to influence the passage of JTPA.
4. Organizations mentioned in the New York Times or Washington Post stories on the development of JTPA.
5. After a list of organizations was compiled from the sources above, a small number of expert "insiders" were consulted to review the list for other possible additions.

Rather than defining the elite as an artifact of the social structure of communications, I wish to identify and study the subgovernment, a group defined by its influence on the process of policy making. In terms of Laumann *et al.*'s typology, my network is nominal and event-focused. As yet, there has been relatively little research using this tactic, the most prominent examples being the "invisible college" studies of Crane (1972) and Burt (1978b). This network does not define the employment

training subgovernment, which is a smaller group based on influence. However, the subgovernment can be identified not through measures of communication density but by tracing what groups were successful in realizing their policy preferences.

To summarize, my study has a dual focus--on the content of employment training policy, and on the process by which that policy is made. In the realm of content, I consider what changes in the composition of employment training programs were made in JTPA as compared to CETA, what were the sources of new policy initiatives, the special role of policy professionals in the design of JTPA, which interest groups held which policy preferences, and which interest groups were successful in having their policy preferences adopted as part of the new law. In the realm of process, I will consider to what extent the policy model above, based primarily on the work of Cobb and Elder, Ripley and Franklin, and Kingdon, is confirmed in the case of employment training policy making during the period 1980-1982; compare the features of the employment training subgovernment in 1980-1982 to those features described by Davidson in the period 1969-1972; and consider to what extent Davidson's hypotheses concerning subgovernment characteristics still hold.

A note on sources

A chief tool in the job of tracing sources is the Employment and Training Reporter (formerly the Manpower Reporter), an "insider" newsletter published by the Bureau of National Affairs, Inc. The insider newsletter is a source of data that deserves more attention from scholars of contemporary events. A specialized newsletter covers almost any conceivable field of Government activity, and for the policy researcher they are invaluable. Employment and Training Reporter (ETR) publishes over 1300 pages a year solely on employment and training matters. It summarizes legislation, regulations, and legislative developments, reports on conferences and statements by interested groups, reviews books and articles, and interviews influential persons in the field. The current (1985) editor in chief of ETR is a former Assistant Secretary of Labor for employment training.

Summary of Issues

This study cannot hope to shed light on all of the hypotheses presented above. Since it is not a comparative study of more than one policy domain, it cannot test outcomes that vary according to measures of centrality, for example. The following list contains questions that

will be illuminated to some degree by the case at hand,
the development of employment training policy in
1980-1982.

1. How does the identity of subgovernment actors compare to those found by Davidson in 1969-72?
2. Is the employment training subgovernment still marked by internal complexity, vertical integration, and functional autonomy?
3. To what extent is the situation of the employment training subgovernment that of dominance, major adaptation, or competing with other subgovernments?
4. Which issues can be classified as distributive or redistributive?
5. Do redistributive issues tend to be redefined by the subgovernment as distributive issues?
6. Do Congressional-bureaucratic relationships over distributional and redistributional issues correspond to Ripley and Franklin's model?
7. To what extent are the policy preferences of the subgovernment placed on the formal agenda, as compared to the policy preferences of nonmembers?

8. What publics take part in the policy conflict? Is issue-expansion used, and if so, by whom, and with how much success?
9. Which of Cobb and Elder's hypotheses relating issue dimension and issue expansion are supported or refuted?
10. Which groups attempt to manipulate the definition of issues, for what purpose, and with what result?
11. How is issue expansion limited by subgovernment members?
12. What is the use of symbols in the policy process? Are they successfully used for issue expansion? To limit issue expansion? Are symbolic means used to ease the denial of policy preferences?
13. Do issue entrepreneurs exist? If so, are their activities correlated to their positions in the subgovernment?
14. To what extent do political party labels serve to distinguish between the policy preferences of subgovernment actors?

15. Does Congressional voting behavior fit Kingdon's consensus model in this case?
16. To what extent does employment training policy making correspond to elitist interpretations of policy making, as opposed to pluralist interpretations? If access to the formal agenda is limited to a small group of organized actors (or interests), yet policy making within the subgovernment is predominantly incremental in nature, by what criteria can we label the process elitist or pluralist?

CHAPTER 3

THE LEGACY OF CETA

"As for policy ...it must be said, as it has been said of sovereignty, that its real sources are undiscoverable."

--Dean Acheson, Grapes from Thorns

The development of employment training policy

Before the 1960s, the United States had only a small employment training system, consisting of apprenticeship, vocational education, and vocational rehabilitation programs. These programs had few full-time trainees, were narrow in focus, subject to only minimal Federal standards, and were generally unconcerned with the disadvantaged (Marshall, 1976:565). However, Federal initiatives deliberately affecting employment training can be traced much farther back, at least to the Morrill Act of 1862, which established the land grant colleges.

Vocational education was mandated in the Smith-Hughes Act

of 1917, and the Federal State Employment Service was established by the Wagner-Peyser Act of 1933. The Federal Government moved directly into job creation programs for the unemployed during the New Deal era, through such programs as the Civilian Conservation Corps, the Works Progress Administration, and the National Youth Administration. Even these early programs illustrate the tripartite goals of Federal employment training legislation: training, job placement, and job creation (Daniels, 1975:327).

The general rationale for Federal involvement in employment training programs was summarized in the Employment Act of 1946, which commits the Government to pursue policies that would "promote maximum employment and purchasing power" (Mangum, 1969:12-13). Despite the fact that the Act was honored mainly in the breach, the goals of the Employment Act of 1946 were reaffirmed in the Full Employment and Balanced Growth Act of 1978, which called upon the Federal government to take whatever actions were necessary to achieve full employment, along with many other economic goals (92 Stat. 1887, Public Law 95-523).

While the employment acts set national goals and broad policies, the first specific national employment training legislation was adopted during the Kennedy

Administration. The rapid growth of research and technology during the 1950s spurred fears that massive numbers of unskilled workers would be displaced by automation, while a lack of skilled workers would create bottlenecks in production. These fears led to the passage in 1962 of the Manpower Development and Training Act (MDTA) (Ginzberg, 1975:187-88). MDTA, along with the Area Redevelopment Act of 1961, the Vocational Education Act of 1963, the Civil Rights Act of 1964, and the Economic Opportunity Act of 1964, established the basic legislation and tools of the employment training policies of the 1960s (Mangum, 1976:46).

MDTA required the President to make an annual report on manpower to the Congress. The first Report, in 1963, expressed the manpower philosophy of the Kennedy Administration. In the message to Congress that accompanied the Report, Kennedy said that unemployment was the Nation's number one problem, and he proposed two solutions: first, a tax cut package to stimulate demand, and second, improvement in "the functioning and structure of our labor markets, and the quality of preparation of our manpower for the occupational needs of tomorrow" (Manpower Report of the President, 1963:xi).

Kennedy identified four trends that called for action. First, the slow rate of economic growth in recent years had diminished the growth in employment. Second, the major goods-producing industries (manufacturing, agriculture, and mining) were experiencing major declines in employment. Third, the growth in automation would result in a rapidly diminishing need for unskilled workers. Fourth, new technology was expanding the need for occupations requiring more education and training, and existing institutions were not keeping pace with the demand (Manpower Report of the President, 1963:xiii).

Kennedy felt that manpower planning and the employment system should be predominantly a function of the private sector; indeed, "nothing more exactly identifies the totalitarian or closed society than the rigid and, more often than not, brutish direction of labor at all levels" (Manpower Report of the President, 1963:xii). Nevertheless, there were "certain parts of the evolving manpower program that require action that we recognize as being necessarily carried out through the agencies of government" (Manpower Report of the President, 1963:xvi).

Ironically, soon after the passage of MDTA and the first Manpower Report, it became clear that skilled workers were being reabsorbed by a recovering economy; their high unemployment rate had been caused by recession, not by automation.

The delivery system of MDTA was twofold. The Labor Department gave grants for training and counseling to public and private agencies, while the Department of Health, Education, and Welfare operated through agreements with state agencies to train individuals. MDTA included no job creation programs; those were the province of the Economic Opportunity Act. For example, Operation Mainstream created jobs for chronically unemployed adults, who worked in community betterment projects, mostly in rural areas (Daniels, 1975:328).

As enacted in 1962, MDTA was a program for classroom and on-the-job occupational and skill training for the unemployed. The Act also initiated a national program of employment training research. The first amendments, in 1963, added a special program for unemployed youth, plus authority for twenty weeks of basic education to prepare individuals for skill training.

In 1965, amendments authorized demonstration projects, job development, and labor mobility projects, liberalized allowance payments, and doubled the permissible training period from fifty-two to 104 weeks. The 1966 amendments added programs for older workers, part-time skill upgrading programs, an experimental program for prisoners, and prevocational employability programs to introduce trainees to the world of work. The 1968 amendments boosted funding to the states and gave them more authority to approve projects (Ruttenberg, 1970:14-16).

Stanley H. Ruttenberg, who was Manpower Administrator and Assistant Secretary of Labor for Manpower during the period 1965-1969, has said that MDTA increasingly concentrated on the "social component of manpower--particularly on the development of manpower programs aimed at the disadvantaged." He named three forces mainly responsible for this focus: first, the growing consciousness of the extent of poverty in the United States, and the subsequent commitment of the Johnson Administration to a war on poverty; second, the civil rights movement and its pressures to improve the lot of minorities; and third, the urban crisis, which received wide attention during the late 1960s (Ruttenberg, 1970:2).

Throughout the 1960s, employment training legislation enjoyed widespread bipartisan support from Congress and the Administration. By the end of the decade, however, the belief grew that it was time for a thorough reappraisal of employment training policy. The Select Subcommittee on Labor held twenty-seven days of hearings on employment training reform during 1969 and 1970. They found that the Secretary of Labor alone had entered into over 10,000 contracts for various employment training activities, and the result had been a great deal of confusion and duplication of services (Daniels, 1975:328).

Since many departments had employment-related programs, it was not at all certain just how much had been spent on employment training programs during the 1960s. However, it was clear that expenditures had grown steadily; while outlays for Federal manpower programs totaled less than \$250 million in FY1961, the MDTA budget for FY1973 was \$2.7 billion, with about \$1.5 billion for training and \$1.2 billion for emergency employment (Ginzberg, 1975:172).

Summarizing the first decade of employment training programs, Mangum and Walsh wrote: "the fact is that after ten years, there is still no definitive evidence one way or the other about MDTA outcomes" (1973:47).

Nevertheless, two general conclusions are warranted.

First, during their first decade, the effect of employment training programs on the economy as a whole was not substantial. Enrollments never exceeded one per cent of the labor force, and spending was never as much as two per cent of the Federal budget. Second, despite a lack of definitive evaluation data, most employment training professionals felt that the programs had a positive effect.

Following his years as staff director of the Senate Subcommittee on Employment and Manpower and executive director of the President's Committee on Manpower during the 1960s, Professor Garth Mangum has written extensively on employment training policy; while a Professor at the University of Utah, he served as a technical advisor to Senator Hatch during the formation and passage of JTPA (Mangum, 1983:281). In his book, Employability, Employment, and Income: A Reassessment of Manpower Policy, he wrote:

In retrospect, the surprising fact is that almost everything which was tried worked, making at least marginal improvements at costs justified by the benefits, a fact that many seemed anxious to forget a decade later. Even intuitive interventions proved better than none, at least at those levels of magnitude (1976:55).

In 1970, the House Education and Labor Committee drafted a comprehensive employment training bill. The Employment and Manpower Act of 1970 passed both Houses of Congress but was vetoed by President Nixon on December 16, 1970. Nixon contended that he vetoed the Act, despite its general agreement with his own precepts of administrative decentralization and program decategorization, because it contained a large-scale public service employment component that he characterized as offering dead-end, "WPA-type" jobs. The next year, however, continuing economic distress in the aerospace industry led him to a reluctant acceptance of the Emergency Employment Act of 1971, which authorized a two-year \$2.25 billion Public Employment Program (NCEP, 1980:69).

Early evaluations of the Emergency Employment Act were favorable, and it was quickly followed by the passage in 1973 of the Comprehensive Employment and Training Act (CETA). CETA was passed as the result of a consensus reached between Representative Dominick Daniels (D-NJ), majority leader of the House Labor Subcommittee, and Representative Marvin Eash (R-Mich.), the Subcommittee's minority leader (Daniels, 1975:329-330).

The emphasis of CETA was on decategorization and decentralization. Decategorization meant replacing specifically mandated training activities (the individual contracts between the Secretary of Labor and local agencies) with block grants that local governments could use for whatever training was deemed most needed in a specific area. Decentralization meant that the locus of control of programs was moved away from the Labor Department to the states and local governments. As CETA was actually enacted, many qualifications were attached that substantially limited both the block grant and decentralization concepts; when the Reagan Administration sought to replace CETA in 1981, they professed the same goals.

A Summary of Employment Assistance Strategies

CETA was by no means the only Federal law authorizing expenditures for employment training activities, nor was the Department of Labor the only agency to administer such activities. Besides the Department of Labor, the Community Services Agency, the Equal Employment Opportunity Commission, the Veterans Administration, and the Departments of Agriculture, Commerce, Defense, Education, HEW (later HHS), HUD, Interior, and Justice all spent funds on employment training. In FY1974, total

expenditures on employment training were \$4.692 billion, of which the Labor Department's share was \$2.835 billion. Comparable figures for FY1979 were \$14.453 billion and \$10.975 billion (NCEP, 1980:55).

It should be remembered that the Federal share of employment training expenditures is only a small fraction of total expenditures for such programs. Educational institutions and private industry are the primary providers of employment training; Federal efforts affect the margin, helping those not served by the private system.* The distribution of the employment training training dollar is illustrated by Figure 2.

Nevertheless, CETA and its replacement, JTPA, have been the centerpieces of Federal employment training policy, and, except for an occasional digression, this study will focus on those programs. Before examining the specifics of CETA, I will present an overview of the four major categories of employment assistance strategies

*The many private and public inputs into the employment training system are discussed in exhaustive detail in Chapter 4 of the 1981 Annual Report, "The National Employment and Training 'System,'" by Janet W. Johnston (NCEP, 1981:61-102).

FIGURE 2

DISTRIBUTION OF THE TRAINING DOLLAR, 1980

**Federal employment training programs account for
only 7 cents of an average training dollar. . . .**

| | |
|---|-----------------|
| Elementary, secondary, and post-secondary education institutions | 73 cents |
| Private business and industry | 15 cents |
| Government: civilian and military training | 5 cents |
| Federal employment training programs (all agencies) | 7 cents |

**Out of the 7 Cents Ascribed to Federal Employment
Training Programs, 4 Cents Were Spent for the
CETA Program.**

| | |
|--|------------------------|
| PSE Programs (Titles IID and VI) | 1.5 cents (41%) |
| Youth Programs (Titles IV and VIII) | 1.0 cents (26%) |
| Training and Upgrading (Title IIB/C) | 1.0 cents (24%) |
| National Programs and PICs (Titles III and VII) | 0.5 cents (8%) |

(NCEP, 1981:83)

utilized by the Federal Government.

Job Creation

Public works are a traditional job-creating device, dating back at least to the 1930s. Of course, job creation is not the only function of public works, but job creation has been an important component of public works bills, perhaps most specifically in the Public Works and Employment Act of 1976 (Public Law 94-369), which specifically mandated the countercyclical funding of public works (increasing public spending during an economic downturn). The impact of public works can be substantial; funding for public works in FY1980 was \$27 billion (OMB, 1980:206-16).

Although even strong critics of job-creation strategies have sometimes supported the value of well-planned and efficiently administered public works projects, public service employment (PSE--the direct creation of jobs in government agencies, either local, state, or Federal) has been far more controversial, perhaps due to its focus on jobs rather than projects, and the mechanism of subsidizing the growth of the public sector in states and localities.

From 1974 through 1980, PSE absorbed a progressively larger share of Federal employment training funds. In FY1980, 54 per cent, or \$5.1 billion of the \$9.4 billion in CETA program outlays, was spent on PSE. PSE included four main program strategies:

1. Countercyclical PSE.
2. Temporary PSE for the disadvantaged, while they receive training for unsubsidized jobs.
3. Work experience in low- or unskilled jobs, which may be of help in securing unsubsidized jobs.
4. "Employer of last resort" PSE for those who cannot find work on their own; popularly known as the "workfare" programs.

Countercyclical PSE programs share the philosophy that workers who are unemployed because of a continuing recession are entitled to maintain a minimum standard of living through government-subsidized employment.

Countercyclical programs have several advantages:

1. Job skills can be maintained.

2. PSE is an income transfer without the social stigma of welfare.
3. At least in theory, countercyclical employment can be triggered on and off quickly to respond to changes in the economy.
4. Countercyclical PSE can be targeted to areas of greatest need (NCEP, 1980:71).

To Congress, the major drawback of countercyclical PSE Congress is the extent to which Federally-funded positions substitute for those that would otherwise have been filled by local funds. The substitution rate is the extent to which local governments, instead of using Federal funds to create new jobs in addition to their existing workforce, merely substitute Federal funds for local funds, creating no new jobs and saving local funds for expenditures elsewhere (or lowering the need for new tax revenues). This substitution of Federal for local funds is contrary to Federal intentions. A National Commission for Employment Policy study carried out by the Brookings Institution found a substitution rate of from eight to eighteen percent, but concluded that in general "local employing agencies have not used Federal funds to displace workers whom they would otherwise have paid from

"their own resources" (Brookings, 1978, Vol. I:vi; Vol. II:14-16). The effect of PSE on the rate of inflation has also been debated, but there are no reliable data from which to draw conclusions (M.N. Bailey, 1978:72).

Evaluation studies of PSE have generally shown that participants' incomes were raised, with a net effect of \$200 more income than a control group (Westat, 1980a:6-7). A similar study showed that earnings effects were especially strong for participants with very low prior earnings, while the program did not significantly help those who previously had good jobs (Westat, 1980b:32-36).

Temporary PSE serves disadvantaged persons who are expected to gain experience in public employment and then to move on to permanent, unsubsidized employment. This was the objective of Title IID of CETA, and the New Careers and Public Service Careers programs under the Economic Opportunity Act (NCEP, 1980:76). Although overshadowed by the countercyclical PSE program, temporary PSE nevertheless served considerable numbers of people (a high of 459,800 enrollments in FY1979) (Westat, 1980b:77).

Work experience programs are designed to provide employment in unskilled or low-skilled jobs for persons with little or no stable work histories. This experience enables participants to earn a wage while establishing a

work record and learning to cope with workplace discipline. It also provides an income transfer under more socially acceptable conditions than welfare (NCEP, 1980:78). Clients have been mostly the very old (Operation Mainstream) or the very young (CETA Summer Youth Program). Although economic evaluations have shown very little evidence of postprogram earnings gains, noneconomic gains were often cited: better social integration and improved self-image for older workers, and keeping busy and off the streets in the case of youth (NCEP, 1980:79). On the other hand, work experience for youth without close supervision and a worthwhile product may be detrimental, producing a "something for nothing" attitude (NCEP, 1980:81).

Workfare programs are designed to provide jobs instead of welfare payments. There is some evidence that these programs do reduce the welfare rolls by making the welfare program more burdensome to participants, but the workfare programs themselves have been quite expensive, and there have been no studies showing a positive cost/benefit ratio (NCEP, 1980:82).

To summarize, while PSE was anathema to the Nixon administration, accepted only under duress, it became the largest element of Carter's employment training policy.

As we shall see, PSE was again the subject of political contention during the development of JTPA.

Hiring Incentives for the Private Sector

The second category of employment assistance programs can be called hiring incentives for the private sector. Hiring incentives are "demand-side" programs intended to make hard-to-place individuals more attractive to employers through financial incentives. The two major programs were the Work Incentive (WIN) Program and the Targeted Job Tax Credit (TJTC) program.

WIN was designed to help AFDC welfare recipients move into permanent, unsubsidized employment. Employers were offered tax credits for hiring WIN participants. TJTC offered similar credits, but the list of those eligible was broader. The advantage of tax credit programs is that to the extent that program participants find jobs, they are gaining a foothold in permanent employment situations that might otherwise be closed to them; they are given an opportunity to prove themselves to an employer, partially at government expense. The disadvantage of such programs is that there is no accurate way to measure the extent of substitution of subsidized workers for unsubsidized workers, and no way to prevent it from happening (Westat,

1980b:88). The only major study of TJTC found that "TJTC was [not] responsible for the creation of any new jobs," and, in addition, that the jobs taken under TJTC were "mainly low-pay, low-status, no-growth, high turnover positions in the secondary labor market" (Mershon Center, 1980:37).

Employability Development

The next strategy, employability development programs, relies on the supply side to help make persons more employable by increasing their skills (NCEP, 1980:88).

Skill training covers a vast range of activities. In on-the-job training (OJT), trainees are placed on the job and work while receiving training. They receive a wage rather than stipends. In theory, government support replaces their partial loss of productivity to the employer. The disadvantage of OJT is that openings are strongly related to the business cycle, so few jobs are available when they are most needed. Nevertheless, OJT programs have shown the most consistently positive results among government employment training programs. Earnings gains have been relatively large (although highly variable among programs), with minorities and females tending to

have the largest gains (Borus, 1980:32-35; Bloom, 1980:15; Westat, 1980a:7; Westat, 1980b:3:33-35). Despite its positive results, OJT has played a relatively small role in Federally-funded training programs--14 per cent of CETA enrollments in FY1979 (NCEP, 1980:93).

Institutional, or classroom training was the largest component of MDTA and CETA programs, and classroom training was often combined with other forms (NCEP, 1980:94). Evaluation studies show that classroom training has been economically effective, although low earners before training have benefitted much more than high earners (Borus, 1980:32; Westat, 1980a:6).

Apprenticeship programs are among the oldest Federally-regulated training programs. They are privately funded and regulated only in very general terms by the Bureau of Apprenticeship Training in the Department of Labor. Apprenticeship programs were affected in two ways by MDTA and CETA: 1) some programs received Federal funds to operate pre-apprenticeship training programs for the disadvantaged, to bring them up to entry-level standards; 2) CETA's Targeted Outreach Program provided counseling, tutoring, recruitment, referral, and supportive services to minorities and women who were seeking apprenticeships. Federal assistance to apprenticeship programs was

virtually eliminated under JTPA.

Since the 1930s, job search assistance has been the responsibility of the U.S. Employment Service. The Employment Service has been sharply criticized in recent years for its failure to help the disadvantaged, and there have been frequent demands that the Employment Service be more closely integrated with the employment training system, a theme that will be a minor leitmotif in the JTPA saga. The Employment Service was authorized by the Wagner-Peyser Act of 1933, and amendments to that act were considered along with the reauthorization of CETA (NCEP, 1980:100-104).

Other Programs

The Federal government has sponsored several other programs that directly affect employment training opportunities. Since these programs all had their own development and policy struggles, I will consider them generally outside the scope of this study but will list some of the most important here.

1. The Equal Employment Opportunity Commission (EEOC) is charged with ensuring the rights of those protected by the Civil Rights Act of 1964. EEOC initiatives have done a great deal to change employment practices,

particularly through litigation against discriminatory "patterns and practices" (EEOC, 1979; 1981; U.S. Senate, 1984).

2. The Office of Federal Contract Compliance Programs (OFCCP) monitors the utilization of minorities and women in Federally-funded programs. The OFCCP conceived and administers the "affirmative action plan" that every Federal contractor must implement.
3. The Trade Adjustment Assistance program helps workers who lose their jobs as a result of foreign import competition. Between 1975 and 1980, over one million workers received \$2.4 billion in assistance (ETRP, 1979:61). Several other programs have assisted workers dislocated for other reasons, although much smaller sums were spent (NCEP, 1980:105-107). As we shall see, trade adjustment assistance and dislocated workers programs were considered as part of the CETA reauthorization process in the earlier stages, but these were eventually shunted aside to be considered in separate legislation.
4. In CETA and other acts, the government has encouraged experiments with alternative work schedules, such as flexitime and job sharing (several programs are reviewed in ETRP, 1979:75-92). A conference sponsored

by the NCEP in 1978 concluded that Federal legislation mandating alternative work schedules would be undesirable, since employee and employer needs are too diverse to fit a standard pattern (NCEP, 1980:109).

5. Veterans have been the target of several initiatives to stimulate their employment, notably the Vietnam Era Veterans' Readjustment Assistance Acts of 1972 and 1974, and targeting requirements in CETA (NCEP, 1980:109-110).

A Closer Look at CETA

This section reviews the content of CETA in its final form. CETA merits close attention, since JTPA was developed largely as a response to the CETA experience.

CETA began with five sections, called titles in legislative and bureaucratic parlance. I will summarize the titles briefly here, in order to give the flavor of what the original legislation was like before considering CETA's final form in considerably more detail.

Title I established a manpower planning authority in each state and each city or county of over 100,000 population. These agencies were called prime sponsors, and they received funds directly from the Department of Labor. Prime sponsors were responsible for planning and administering training programs, although actual program services were usually performed by subcontractors. Prime sponsors were under the de facto control of local political executives such as mayors or county administrators. Governors had control only in areas not part of local political units (or consortia of units) totalling 100,000 population or more, the so-called "balance of state" areas.

Title II regulated the types of training services that each prime sponsor could provide, and authorized a small public service employment program. Title III continued several of MDTA's national programs that were not appropriate to local initiatives, such as programs for migrant workers and reservation Indians. Title IV preserved the Job Corps as a separate program under the Labor Department (it was transferred from the Office of Economic Opportunity). Title V authorized a National Commission on Manpower Policy (later renamed the National Commission for Employment Policy). Cabinet members and public appointees served on the Commission; they

performed an overview and evaluation function, and were charged with recommending policy changes. Later in 1973, a large public service employment program was added as Title VI.

By the end of the Carter Administration in 1981, CETA had been amended several times, the last time in 1978. The amendments had three main effects: first, funding was continuously increased. Second, the public service employment program expanded throughout the Carter years. Finally, funds were increasingly targeted on more severely disadvantaged groups, such as prison inmates and single parents, and on youth. As Federal oversight increased and new programs were added, CETA became increasingly less decentralized and decategorized.

In its final form, CETA had eight titles, which formed the base from which changes would be made in designing JTPA.

Title I, Administrative Provisions, maintained the prime sponsor structure from the original act. It also set the planning, auditing, and administrative standards applicable to all prime sponsors.

Title II was called Comprehensive Employment and Training Services. Titles IIB and IIC authorized most of the training activities performed by prime sponsors for adults. The Title IID program authorized public service jobs for persons with persistent labor market problems, such as single parents, prison inmates, and the handicapped.

Title III, Special National Programs and Activities, authorized special target group programs, somewhat expanded in scope from the original legislation. The national programs served an extremely diverse clientele; some of the programs were leftovers from MDTA, national contracts that the Congress wished to see continued during CETA.

The Targeted Outreach Program (TOP), provided recruitment and guidance services to minority youth and women who wished to gain employment in the skilled trades, especially construction apprenticeships. The principal sponsors of TOP programs were the construction labor unions, along with outreach agencies such as the Urban League and RTP, Inc. The outreach agencies, which employed and served a predominantly minority population, received funding from the Department of labor, and in turn operated programs that counseled and prepared

minority youth and women for apprenticeships in joint labor-management programs, thus easing affirmative action pressures on unions and unionized employers. Both the outreach agencies and the unions were considered linked to the Democratic party; for example, Ernest Green left his position as President of RTP, Inc., to become Assistant Secretary of Labor in charge of the Employment Training Administration, which administered CETA. In FY81, seven community-based organizations and labor groups had contracts.

National on-the-job training contracts provided private sector on-the-job training, primarily for high wage and apprenticeable positions, and in occupations with skill shortages. In FY81 many of the contractors were labor union training programs. National on-the-job training served 16,000 participants in FY81.

Projects for the handicapped served 12,000 participants; most contractors were national advocacy organizations for the handicapped.

The Small Business Workshops funded a very small number of projects to help participants plan management careers in small businesses.

The Persons with Limited English Speaking Ability (PLESA) program was another small program that provided job-related English language skills training to Hispanics, primarily Puerto Ricans (NCEP, 1980:28).

The Partnership Program was a small effort to help community-based organizations work with the employment training system in educational and promotional roles (NCEP, 1980:28-9).

Indian and Native American employment and training programs spent \$161 million to serve 85,000 participants in many categories of employment and training services. Services were provided both on reservations and in urban areas.

Programs for migrant and seasonal farmworkers sought to alleviate the chronic unemployment and underemployment of farmworkers or, in the case of youth, have them return to school (NCEP, 1980:33). Those programs spent \$62 million on various projects in FY81 (33).

Many Title III programs proved especially repugnant to the Reagan Administration, since they were 1) nationally-centralized and administered by the Federal government, and 2) funded programs operated by enemies of the new Administration, such as labor unions and minority

outreach organizations.

Title IV, Youth Programs, authorized the Job Corps, summer youth employment, and other youth programs. In recent Presidential administrations, it has been customary for the President's wife to "adopt" a federal program as a public relations gesture, in order to give the program higher visibility. Mrs. Carter chose to take a personal interest in youth employment programs, so Title IV was a prime interest of the Carter Administration. Title IV included several components.

The Job Corps, with 114,000 participants, spent \$465 million in FY81. After weathering severe legislative challenges during the early 1970s, the Job Corps developed widespread bipartisan support; for example, it was frequently cited as an effective investment in training by Senator Orrin Hatch (R-UT), Chairman of the Senate Labor Committee during the development of JTPA.

The Summer Youth Employment Program (SYEP) consisted of short-term summer jobs to keep kids off the streets. This program was originally developed during the late 1960s to counteract the forces that led to urban riots; the political sponsorship of mayors and minority organizations has ensured the continuation of a similar program in all subsequent training bills.

The Youth Employment and Training Program (YETP), was a mini-CETA directed at disadvantaged youth (14-21) who were still in school. Most of this money went to local school districts for career education or work exploration programs. \$719 million served 394,000 participants in FY81 (NCEP, 1980:34-5).

The Youth Community Conservation and Improvement Projects (YCCIP) provided unemployed 16-19-year-old youth with short-term employment or training, mostly working for public agencies in neighborhood-improvement or weatherization projects. 38,000 were enrolled in FY81 (NCEP, 1980:35)

Title V continued the National Commission for Employment Policy and authorized that body to make policy recommendations to the Administration.

Title VI, the Public Service Employment (PSE) Program, authorized a countercyclical program of employment with government agencies. The Public Service Employment Program was greatly expanded by the Carter Administration, but later became politically unpopular, as we shall see.

Title VII, the Private Sector Initiative Program (PSIP), authorized greater involvement of the private sector through the establishment of Private Industry Councils (PICs). With representatives from industry, organized labor, community-based organizations, and educational institutions, PICs were to participate with prime sponsors in improving access for all CETA participants to private sector jobs. We will see that the PIC, its function and composition, became a major issue in JTPA.

Title VIII, Young Adult Conservation Corps (YACC), authorized conservation camp employment for youth on public lands (ETRP, 1982:29). This was a youth version of the Depression-era Civilian Conservation Camps; 68,000 youths were served in FY81, at a cost of \$174 million (ETRP, 1982:35).

Expenditures for FY81 were \$7.7 billion, as follows:

Fiscal Year 1981 Expenditures

| CETA Title | Outlay (millions) |
|------------|-------------------|
| IIB and C | 2,231 |
| IID | 1,535 |
| III | 435 |
| IV | 2,195 |
| VI | 852 |
| VII | 278 |
| VIII | 174 |

FY81 marked a shift away from Public Service Employment and towards skill training in private employment. The Omnibus Reconciliation Act of 1981 (P.L. 97-35) repealed the authorization for Titles IID, VI, and VIII, so those programs were terminated at the end of FY81 (ETRP, 1982:28).

The trend in the types of services provided during the decade of the 1970s is illustrated in Figure 3, which shows the types of program by years of service funded (a measure that adjusts for the rapidly inflating dollar during the 1970s).

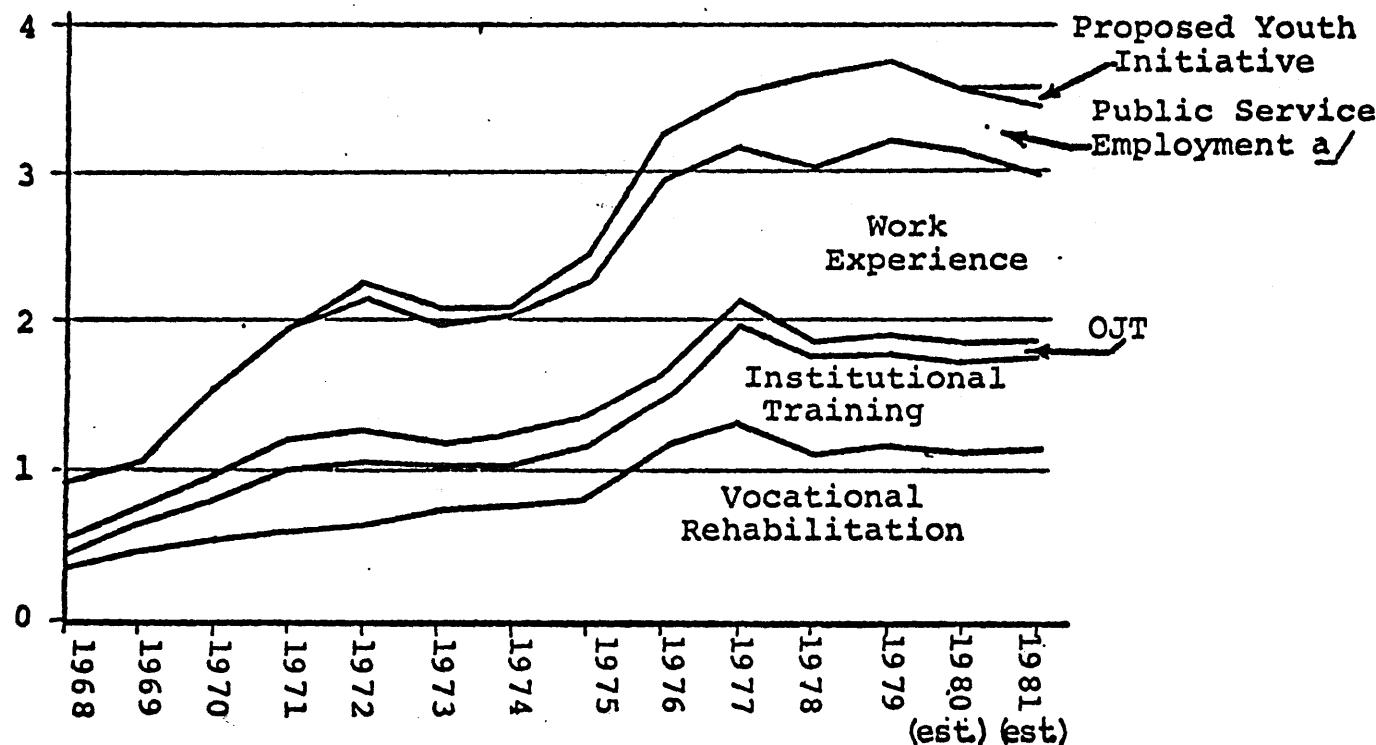
Who Participated in CETA?

Reports from the Continuous Longitudinal Manpower Survey (CLMS 1981a,b) provide detailed data on the characteristics of those who have been enrolled in decentralized CETA programs. In FY80, approximately 1.9 million persons were enrolled in training, about 70 per cent of them youth aged 16-21. 58 per cent of all participants were in youth-oriented activities, and of the 42 per cent of all participants in adult-oriented activities, 28 per cent were youth. The table below shows their distribution.

FIGURE 3

Years of Service Funded in Federal Training and Employment Programs,
Fiscal Years 1968 - 1981 (amounts in thousands)

Thousands



a/ Total Public Service Employment Activities.

SOURCE: Office of Management and Budget.

Distribution of Training Activities, FY1980

| Program type | Enrollees (000s) | Percent of total |
|---|---------------------|---------------------|
| Total new enrollees | 1,928 | 100% |
| Adult-oriented activities: | | |
| Total | 805 | 42 |
| Classroom training | 291 | 15 |
| OJT training | 77 | 4 |
| Adult work experience | 78 | 4 |
| PSE | 280 | 15 |
| PSIP | 24 | 1 |
| Direct referral | 46 | 2 |
| Unknown | 9 | -- |
| Youth-oriented activities: | | |
| Total | 1,123 | 58 |
| Youth ET programs | 187 | 10 |
| Youth conservation and improvement projects | 30 | 2 |
| Youth work experience | 150 | 8 |
| Summer youth employment | 757 | 39 |

CETA programs focused heavily on minorities (52 per cent), while women and men participated in roughly equal numbers. Median family income for enrollees (excluding summer programs) was \$5,250, less than the \$5,500 median in FY79. Enrollee's own employment and earnings records (in adult-oriented programs) showed that the average participant had been employed 30 per cent, unemployed 39 per cent, and in school or out of the labor force 39 per cent of the year preceding training, with median earnings of \$1,210 (ETRP, 1982:119-20).

The employment effects of CETA were never completely clear. While most studies showed positive effects of the programs on income, long-term employment rates were more problematical. Placement rates varied considerably, and were not reported in a uniform manner. Long-term studies of CETA participants were begun only toward the end of the CETA years (most studies are summarized in Westat, 1980a; 1980b; NCEP, 1981). When debating the form of CETA's successor, Congress would face most of the same issues they faced when formulating CETA.

The development of CETA served as an extension of the policy making modes that led to the original law, and were described by Davidson (1974). Almost all later changes in the program were the results of incremental compromise. The subgovernment met challenges to its authority, and managed to expand its influence when concern with unemployment led to a larger public service employment program. Redistributive measures tended to be redefined as distributive, as Cobb and Elder predicted. The public service employment program became something of a political barometer. When unemployment seemed a politically high-priority issue, expanding public service employment provided a "quick fix." When the issue of unemployment was displaced at the level of the mass public by the issue of inflation, public service employment became a convenient scapegoat. As the 1970s came to a close,

employment training programs acquired more public visibility, mostly in a negative context. As Ripley and Franklin theorized, this was to be a threatening omen for the employment training subgovernment.

CHAPTER 4

THE NATIONAL COMMISSION FOR EMPLOYMENT POLICY

"Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back."

--John Maynard Keynes,
The General Theory of Employment, Interest, and Money

During the development of CETA, some members of Congress were concerned with improving the coordination of Federal employment training programs. In order to help coordinate policy, as well as to increase the quantity and prestige of expert policy advice offered to the Congress and the Administration, Representative Marvin Each (R-Michigan) led an effort to establish a National Commission for Manpower Policy, supplanting the earlier National Manpower Advisory Committee.

It is not surprising that legislators found it difficult to assemble and integrate expert advice on employment training matters. Although there are still relatively few employment training policy experts, their approaches are as divergent as their backgrounds. Employment training policy suffers an uneasy relationship with the social sciences. Not only is it a relatively new field, but its subject matter lies within no single discipline, incorporating elements of economics, political science, sociology, public administration, social and industrial psychology, and social work. Employment training policy experts come to the field from their various disciplines, necessarily carrying their disciplinary baggage with them, and communication is often difficult.

The National Commission for Manpower Policy, created by Congress in Title V of CETA, was unusual in both function and membership (Ginzberg, 1979:2). The Commission was given the job of advising the Congress, the President, and the Secretary of Labor. Its membership would include the heads of six Federal agencies, as well as eleven public members chosen from among representatives of business, labor, education, client groups served, and public officials operating manpower programs. Eli Ginzberg, a professor at Columbia and Chairman of the

National Manpower Advisory Committee, was chosen as the first Chairman (Ginzberg, 1979:2).

Instead of being appointed to advise either the legislative or executive branch, the Commission was in effect appointed advisor to the entire employment training subgovernment. Ginzberg underscored this role by inviting key Congressional committee staff members to Commission meetings; as he put it, "with Congress controlled by one party and the Administration by the other, the Commission gained by being able to position itself to be responsive to both" (Ginzberg, 1979:2).

The negative side of this arrangement was that the Federal agency members of the Commission were bound to the Administration, and thus not always free to agree with the positions favored by the public members. While the Commission sought to minimize conflicts, at least once (in Report Number 4) Federal members were forced to disassociate themselves from a Commission recommendation because it varied from Administration budget guidelines. Nevertheless, the Commission decided that timidity would be self-defeating, and, in Ginzberg's words, it resolved to be "responsive, imaginative, [and] venturesome" (Ginzberg, 1979:2). With a small staff from the Department of Labor, the Commission supplemented its

resources with staff on temporary assignment from other agencies and through outside consultants hired with funds from the Department of Labor and foundations. Besides reports prepared by its own staff, the Commission contracted with individual scholars and research institutions to perform studies. It has also cosponsored conferences with other organizations (Ginzberg, 1979:3). The Chairman often testifies before Congressional committees.

Congress has been generally supportive of the Commission. During the CETA reauthorization of 1978, the Senate Committee on Human Resources wrote new language earmarking appropriations for the Commission, thus enhancing its independence. The Commission's name was changed at that time to the National Commission for Employment Policy (NCEP), following the trend away from the term "manpower," with its sexist connotations (Ginzberg, 1979:3).

While the Commissioners themselves represented policy makers, clients, and interest groups, Chairman Ginzberg envisaged the role of the Commission as a vital link between the community of (mostly academic) policy experts and the policy making subgovernment. Playing this role required a highly developed sense of the political

climate, the timeliness of issues, and the range of permissible policy options. The Commission showed a high level of sensitivity to political currents during the period from the end of the Carter Administration through the beginning of the Reagan Administration. The Commission's adept performance as translator of research results into achievable political initiatives is illustrated by an examination of its Annual Reports for 1980 and 1981. These reports reveal a Commission whose approach to the Carter Administration was based on incremental policy steps, while for the Reagan Administration it produced a fundamental defense of the role of employment training programs in economic policy. In both cases, the Commission's arguments were couched in terms comfortable to the current Administration leaders.

The NCEP Annual Reports for 1980 and 1981 both dealt with the nature of employment training programs in the 1980s, but they were produced under quite different political conditions. Although the overall condition of the United States economy did not change radically between the release of these two reports, the 1980 Report was written during the Carter Administration, and reflected the characteristic mindset and interests of that Administration. The 1981 Report, on the other hand, was written for the Reagan Administration, a group with very

different preconceptions about economic policy in general and employment training policies in particular. An examination of the differences in these two Reports reveals a great deal about the interaction of policy research and politics.

In May 1980, the Commission published a "Policy Statement of the NCEP on the Role of Employment and Training Policies in the Early 1980s," (NCEP, 1980:213-218). The paper began with a general statement on the role of employment training policy in national economic policy:

Inflation and unemployment must be fought concurrently. To this end there is no substitute for effective monetary and fiscal policies. Still, employment policy, targeted properly and applied effectively, can help reduce the burden of a recession by providing temporary income support and employment training opportunities (NCEP, 1980:214).

In other words, job creation and training programs are appropriate short-term, anti-recessionary measures, substituting for unemployment compensation and welfare. For the longer term,

employment policy can make a significant contribution in assisting the structurally unemployed to obtain regular jobs; in restraining inflation; and in helping to move the economy toward full employment, the early achievement of which must remain a high priority national goal. ...The Commission's objective is to recommend what

it believes to be the most productive, non-inflationary programs, as well as appropriate monetary and budgetary decisions, to deal with present economic conditions and to offer guidance for the longer term (NCEP, 1980:214).

These words express the Commission's sense of working within a relatively unified subgovernment, which was leading the Administration and Congress toward more activist measures in employment training policy. Working from this general sense of national policy, the Commission made recommendations concerning the major elements of employment training policy:

1. Monetary and fiscal policies should be consistent with steady, non-inflationary employment growth. Just what these policies should be was not made specific.
2. Unemployment insurance benefits, which had been extended to as much as 65 weeks during the Ford Administration, should be limited to 39 weeks, with training and public employment opportunities a preferable alternative for those who still need assistance after 39 weeks. The principle that training or subsidized employment was preferable to unemployment compensation and welfare was strongly held by Ray Marshall, President Carter's Secretary of Labor, although it had never been confirmed as national policy by the Congress, nor had sufficient

funds been available to undertake such a policy on a large scale.

3. Trade adjustment assistance programs provided retraining and financial assistance to workers whose jobs are lost due to foreign competition. Spending in this category had risen very rapidly during the past two years. The Commission found that such programs were getting out of control, and recommended a "thorough review" of the programs, since their approach was far too piecemeal to respond effectively to "the restructuring problems that face parts of our major industries. ...Far more comprehensive policies and programs ...will be necessary" (NCEP, 1980:216). Note that once again the Commission's impulse was to prescribe more comprehensive, not more limited measures.
4. Public service employment, the Federal funding of jobs in state and local governments, should not be viewed as a major countercyclical device, but should be targeted on the "structurally unemployed, those with the least attachment to the labor force, and those who have been unemployed the longest" (NCEP, 1980:216). This is the philosophy of government as the employer of last resort.

5. Public works were found to be useful as part of a long-term strategy to increase employment in economically-depressed areas, but they are generally not effective anti-recessionary measures due to long start-up times (NCEP, 1980:217).
6. National priority programs, such as energy conservation, transportation, community health care and other human services, offered opportunities to attack structural unemployment and inflationary pressures. Government-funded programs should require "the employment of a percentage of disadvantaged youth and adults" (NCEP, 1980:217). This confirmed the principle of targeting resources to the neediest, and in fact reflected the more stringent requirements of the latest CETA amendments in 1978.
7. The Commission found that private sector involvement could be sustained during periods of recession, contrary to the fears of some members of Congress that this would not be the case. The Targeted Jobs Tax Credit and the Private Sector Initiatives Program (with the Private Industry Councils) should therefore be encouraged.

8. Training, retraining, pre-apprenticeship training, and upgrading "are valuable activities even in a recession" (NCEP, 1980:217). Training can be conducted at less social cost when labor markets are slack, and economic recovery will be accelerated by the increased skills of the workforce. Therefore, efforts to smooth the supply and demand cycle of training activites were warranted.
9. "Effective planning and delivery systems are crucial to the short- and long-term success of employment policies" (NCEP, 1980:218). This was a criticism of the instability of CETA, with its rapid program and funding changes. "There can be no greater obstacle to either an antirecessionary or a long-term policy than constantly changing signals and hastily implemented or suddenly discontinued programs" (NCEP, 1980:218).

Clearly, the Commission was recommending incremental rather than radical changes in Federal employment training policy, and those changes were predominantly in the direction of doing more rather than less. Of course, this approach was consonant with the official views of the Carter Administration, which had supported the CETA Amendments of 1978, and was planning to develop a CETA reauthorization proposal after a massive outreach effort,

including regional public conferences (ETR, 12:6:146-7; 12:33:969). At the same time, however, there was conflict at higher levels of the Administration over the relative priorities of fighting unemployment or inflation. While the Department of Labor continued to support a vigorous effort against unemployment, officials at the Department of the Treasury and the Office of Management and Budget were pressing for budget cuts and restrictive fiscal policies designed to fight inflation. Concern with inflation was threatening to displace the issue of unemployment from the top of the Administration's agenda, and the NCEP report served to help the employment training subgovernment resist the displacement of the unemployment issue.

Immediately after the Reagan victory in November 1980, the Commission staff had several meetings with members of the Reagan transition team. As the new Administration prepared to take office, the leader of the Department of Labor transition team, Richard Schubert, (vice chairman of Bethlehem Steel Corporation) told the Commission that "there is no real sense of what to do" in employment training policy (ETR, 12:14:382-3). He asked the Commission for input.

Chairman Ginzberg replied in a memorandum to Schubert. He summarized the accomplishments of Federal employment training programs and repeated the Commission's doubts about public service employment and trade adjustment assistance. He stressed that if the Administration decided to cut back substantially on employment training programs, an orderly withdrawal would be important (NCEP, 1980:220). From statements made during the campaign (detailed in Chapter Five), it was evident that the new Administration was far more concerned with inflation than with unemployment, and intended to cut employment training expenditures. Given the reality of cuts, Ginzberg stressed quality over quantity in training:

The Commission, aware of the painful trade-off between numbers to be served and available Federal resources, has nevertheless repeatedly advised that a greater investment be made in serious training of a smaller number rather than spreading funds among too many (NCEP, 1980:220).

In regard to CETA, the Commission reaffirmed its support for the 1978 "Congressional emphasis on targeting and greater involvement of Community Based Organizations" (NCEP, 1980:221). In addition, it contended that there was a great need for an

adequate information system so that the DOL [Department of Labor], the Congress and the American people have a firm basis for assessing the effectiveness of the total effort and for

holding the primes and contractors accountable (NCEP, 1980:221).

During the Presidential campaign, Ronald Reagan's primary proposal for dealing with urban unemployment was the creation of urban enterprise zones (New York Times, 11/21/80, 1:6). These officially-designated zones, to be located in inner cities, would be allowed to attract new businesses (and therefore increased employment) through the provision of tax incentives to industry. Chairman Ginzberg's response was to support the notion of tax incentives, but he warned against any approach "that does not recognize the need for continuing investment in improving the employability of persons living in such seriously deprived areas" (NCEP, 1980:221). Reading through the diplomatic language of the memo, one can discern an at best luke-warm feeling toward the enterprise zone idea; enterprise zones should not be substituted for employment training programs.

Since Schubert's transition team would be in existence for only a short period, Ginzberg was forced to make a rapid response, writing on behalf of the whole Commission. He could do little more than reiterate the Commission's earlier conclusions, with only slight adjustments in light of the views of the incoming policymakers. The Commission then faced the job of

designing an employment training system to fit the Reagan Administration's political philosophy.

The Commission's task proved difficult. Their 1980 Report had made recommendations in tune with the Carter Administration's activist approach to employment training issues, an approach with which the Commission clearly was in sympathy. However, the new Administration seemed hostile to employment training programs in general, and at the very least expected new approaches to the old problems, preferably requiring fewer Federal resources.

In October, 1981, the Commission published its Seventh Annual Report, entitled "The Federal Interest in Employment and Training" (NCEP, 1981). This document, rather than concentrating on incremental changes in current policy as did the 1980 Report, reexamined the basic rationale for employment training policy as a component of economic policy. It certainly did not take an Administration commitment to employment training programs for granted. The Report attempted to summarize the state of current knowledge in several areas of employment training policy, and it made suggestions for employment training policy initiatives that the Commission perceived would be congruent with the new Administration's overall economic philosophy. During this period the ex

~~official~~ members of the Commission were, of course, Reagan appointees, but the other members and the Chairman were all Carter holdovers. Due to the timing of appointments to the Commission, this Report must be considered primarily a staff document.

The Report was an interesting exercise in compromise and persuasion. The Commission and its staff outlined a (to it) minimalist program, avoiding challenges to orthodox Republican beliefs wherever possible.

Chairman Ginzberg's letter of transmittal to the President and Congress summarized the three main conclusions of the Report:

1. There has been a long tradition of Federal involvement in employment training programs, starting with the Morrill Act in 1862.
2. There is still a Federal interest in employment training programs, since they can promote economic growth, facilitate adjustments to labor market shocks (such as the oil crises), and contribute to equal opportunity.

3. Therefore, despite "budgetary stringencies," the Commission recommended that Federal employment training programs be continued, in order to "increase the human capital of hard-to-employ youth and adults so that they will be able to participate actively in the world of work and support themselves and their dependents rather than to be dependent on income transfers" (NCEP, 1981:ii). Expenditures on training would be preferable to creating a class of "permanent dependents" who rely on public assistance.

The body of the Report began with a policy statement by the Commission. The statement stressed that employment training programs have received broad bipartisan support in the past. In the 1980s, employment training programs could continue to promote economic growth by "increasing the productive capacity and flexibility of the work force" (NCEP, 1981:4). Many persons will need training to make them employable, but they will not be able to pay for such training themselves, while employers, viewing such workers "as poor risks, will not hire and provide them with training opportunities" (NCEP, 1981:4). Therefore the Federal government must play a significant role in cushioning the impact of technological change.

Federal policy inevitably has a substantial impact on the labor market. For example, a defense buildup will produce skill shortages to defense contractors, while the declining number of young adults in the population will make military recruiting more difficult. Changes in immigration or trade policy could have similarly large effects on the labor force (NCEP, 1981:4-5). The Commission implied that since the Federal government will be a major source of labor market shocks, it also has a responsibility to cushion those shocks in some way.

Moreover, Federal employment training programs could be a powerful force to secure equal opportunity. Low-income, low-skilled individuals were not being adequately served by the private labor market. The Federal role should not be to serve everyone or to replace current remedial efforts of other groups, but should be

limited to promoting those activities that otherwise would not take place and to activities which are less costly or more efficient to the Nation as a whole when undertaken at the Federal level (NCEP, 1981:5).

The Commission ended its statement with a justification of employment training programs as profitable social investments. Their conclusion warrants reproduction here for its artful combination of simple statement and appeal to sound capitalist judgement.

The wealth of a nation is based on the productive capacity of its people. People who do not work are supported by the taxes that employers and workers pay. The Federal Government should do all it can to help nonproductive and tax-consuming persons to become productive taxpayers. This cannot be done for everyone, and it is not cheap to do, but where feasible it is preferable to income transfer payments. Profitable social investments in human beings need to be made if we are to maintain the basic fabric of our society. The Commission is convinced that Americans want to work, but to do so they must possess the competencies, skills, and information that will lead an employer to offer them a job. Government must encourage a sound and equitable economy so it will be profitable for employers to make such offers. It is a good public investment for the Federal Government to provide opportunities for those who need them so that they can become regular, productive workers (NCEP, 1981:6).

The Commission made a powerful case for employment training programs as an investment; we might call this the "Republican justification" for employment training programs, since it is so obviously aimed at Republican political themes. The Commission did not specifically deal with the question of whether actual Federal employment training programs have succeeded (or can succeed) in making profitable and desirable social investments. In contrast to the 1980 Report, the Commission mentioned few specific policy proposals of any kind.

The Commission's "Staff Report on Employment and Training," presented as the bulk of the 1981 Annual Report, sketched out the "Republican justification" in much greater detail. It presented an analysis of the past and prospective Federal role in employment training. With the CETA reauthorization process in view, the Commission sought to establish a platform for a continued national employment training effort. The "Staff Report" expanded and supported the Commission's policy statement.

The Report's first section, "Employment and Training Policy and the National Economy," by Steven G. Cecchetti, Daniel H. Saks, and Ronald S. Warren, Jr., reviewed recent macroeconomic developments and discussed the role employment training programs might play in improving the operation of the economy (NCEP, 1981:21). The key point about the macroeconomic impact of Federal employment training programs on the economy was that it could not have been very large, however successful individual programs might have been:

[R]elative to the size of the economy, Federal expenditures on employment programs have been extremely limited, so it is unrealistic to have expected measureable improvements in performance indicators like the unemployment rate or per capita income for these programs. The important point is that whenever the Government or private sector make investment decisions about anything, from highways to training, resources should be allocated where they make at least as great a

contribution to total output as any foregone opportunity (NCEP, 1981:30).

This cost-benefit approach to government investment leads to the question, where do employment training programs fit into the national economy? The Report reminds us that the economy experienced many difficulties during the 1970s. The rate of growth in gross national product and personal income fell, as did the growth in labor productivity. On the other hand, the economy did manage to assimilate the baby boom, and, although unemployment rose substantially,

data suggest that most of the rise in the unemployment rate during the 1970s cannot be accounted for by the labor force growth of groups with characteristically high unemployment rates [the young] (NCEP, 1981:24).

In other words, although youth unemployment rose, adult unemployment rose as well, and the rise in adult unemployment could not be attributed to the substitution of youth for adults in jobs. In the 1980s, the economy would not have to absorb a large proportion of new workers, but high unemployment rates would probably persist due to "a restrictive aggregate demand policy" (Reagonomics) (NCEP, 1981:26).

The small absolute size of Federal programs made it very difficult to determine whether employment training programs produced more output from better trained workers, or whether those newly-trained workers had merely displaced existing workers (NCEP, 1981:26). Most program evaluations have examined post-training earnings gains, but those gains are necessary but not sufficient evidence to show that the training investment is a net addition to national output. Aside from earnings gains, output produced by the trained worker must exceed the costs of resources (such as equipment, classrooms, and teacher time) devoted to the training. Moreover, increased productivity without displacement assumes real economic growth. "The question is whether the increased long-term capacity of the economy justifies the short-term costs of the employment and training program" (NCEP, 1918:26). Despite these uncertainties, the preponderance of evaluation studies of CETA have suggested that positive cost-benefit ratios were achieved.

If employment training programs are beneficial to the economy, and a large training effort is taking place in private industry and local government, why are Federal efforts necessary? Briefly, market barriers may hinder optimum human capital utilization.

Individuals may underinvest in training because they do not have easy access to loans for this purpose and they cannot use their future earnings as collateral. Of course, these barriers to human capital investment are especially prevalent among the poor. Firms may underinvest in their workers' training because the workers might change jobs. In these situations, the Government can encourage investment in training by lowering the cost both to the worker and the employer (NCEP, 1981:27).

That is, investments that may not be possible or desirable at the level of the individual or the single firm are desirable from the point of view of the entire economy.

The terms in which the Commission chose to present the argument for employment training programs reveal their strategy in dealing with the new Administration. The Commission justified employment training programs in terms of human capital, an approach comfortably within neoclassical or "orthodox" economic analysis. This treatment would have been unlikely during the Carter Administration, when the Secretary of Labor, F. Ray Marshall, was himself a leading academic proponent of the dual market hypothesis, a rival conceptualization. The background of this shift in the terms of justification deserves amplification, since it illustrates the influence of politics on the course of policy and even disciplinary development, as theoretical schools and their adherents, once in favor, are supplanted according to the political implications of their analyses.

In "orthodox" labor market analysis, considered as a branch of neoclassical market economics, workers are assumed to be homogeneous units of labor. On the demand side, workers are hired according to their marginal revenue product, or profitability to the firm (Marshall et al., 1976:217-219). The supply of workers is frequently imagined as a long queue, which is arranged in the order of workers' desirability to employers. At some point in the queue, workers' perceived desirability to employers is less than their perceived marginal profitability. Workers past that point in the queue are not hired.

Orthodox theory explains the qualitative aspects of labor supply through the human capital approach. Put simply, the human capital approach stresses the value of the worker's education and training in enhancing his productivity (Becker, 1964).

If education and training are the main determinants of productivity and thus the attractiveness of the worker to an employer,

a natural consequence of the acceptance of human capital theory by many labor economists in the 1960s was to emphasize education as an important policy instrument for raising the productivity, and hence the earnings, of low-income workers. Not only was human capital theory used to justify large amounts of spending on educational and government sponsored training programs, but it also served to indicate how the results of these

programs should be evaluated. Thus for a time it seemed that the human capital school was defining the rules of the game in which it had become the dominant player (Marshall et al., 1976:243).

To summarize, orthodox theory posits an efficient labor market, and "seeks to explain the lower tail of the earnings distribution in terms of the same economic factors that operate elsewhere" (NCEP, 1981:127). Like neoclassical analysis, human capital theory is basically deductive, worked out from principles of market behavior. In contrast, dual labor market theory developed inductively, from detailed labor market studies whose results did not seem to fit neoclassical models. An important series of studies of inner-city labor markets found that the posited links between education, employment, and higher earnings did not apply to ghetto labor markets (Doeringer and Piore, 1971; Harrison, 1971).

In contrast to the "orthodox" view, the dual market hypothesis posits less market efficiency than the human capital hypothesis. There is not one labor market or queue, but two. The jobs people hold are important determinants of their productivity, so that two workers with the same human capital could have different levels of productivity and wages in different parts of the economy. One part of the economy is characterized by internal labor markets with opportunities for specific training,

relatively high wages, stable employment, due process in the settling of grievances, and a high degree of unionization. This is the primary labor market. Workers within the primary labor market are expected to show a continuing commitment to the firm, accept supervision, and exhibit stable work habits.

In contrast, the secondary labor market offers jobs with little or no training, low wages and little chance for advancement, intermittent employment opportunities, and no union representation. Norms for worker behavior are also lower; absenteeism and high turnover are commonplace. In the secondary labor market, personal attributes such as education and age are relatively modest determinants of earnings, so that persons in those sectors cannot improve their status through better education or on-the-job training. Further, there is only limited mobility between the primary and secondary labor markets (Marshall et al., 1976:265-295; NCEP, 1981:127). Those who are mired in the secondary labor market and unemployed are often called the "structurally unemployed," and the term structural unemployment is identified with adherents of dual labor market theory.

How would the support of one of these two rival hypotheses about the functioning of the labor market affect one's approach to employment training policy? To an adherent of the human capital approach, there are two ways in which disadvantaged workers could improve their economic status. From the supply side, they could augment their skills and thus their human capital. Federal employment training programs could make those towards the end of the queue more productive and thus more desirable:

There may be beneficial economy-wide consequences if employment training programs are designed to take people from the pool of disadvantaged, low-wage, unskilled workers and move them into the high-wage, skilled job market. Specifically, if programs are targeted to relieve pressure in labor markets where skill shortages exist, training unemployed people may reduce inflationary pressures in the short run and permit lower unemployment rates in the long run (NCEP, 1981:27).

From the demand side, efforts could be made to lessen prejudice. Federal agencies such as the Equal Employment Opportunity Commission and the Office of Federal Contract Compliance Programs serve this purpose.

An adherent of the dual market hypothesis would see another solution to the problems of low-income workers: their integration into the primary labor market. Education and training alone are not sufficient to do this. On the supply side, training can be supplemented

with such measures as better labor market information and incentives to move to areas with available employment. On the demand side, screening criteria, such as standardized employment tests, could be purged of cultural or sexual bias; or job creation strategies could expand the primary market and train workers in the skills and habits necessary to succeed in the primary market. Since the labor market is considered more segmented, there are more points of attack. More generally, for the dual market theorist, the focus of policy attention tends to shift from the individual to the system. The primary market should be expanded at the expense of the secondary market, since the primary market has both the best jobs and the highest productivity (Marshall et al., 1976:278-279). As Doeringer and Piore put it, "the task of public policy is to slow the rate at which primary jobs adjust to secondary workers and increase the rate at which secondary workers adjust to primary jobs" (Doeringer and Piore, 1971:179).

In simpler political terms, the dual market theorist may charge that the orthodox economist blames the victim for the faults of the system. The orthodox economist may claim that the dual market theorist would only make things worse by impeding the efficient operation of the market.

While the 1980 Report had favored dual market hypotheses, most of the analysis of the 1981 Report was expressed in the framework of human capital economics, presumably more congenial to the new Administration. The Commission was attempting to run before the prevailing wind, but without abandoning ship.

The Commission went to considerable lengths to show that Federal support served those who would not otherwise be served. In "The National Employment and Training System," by Janet W. Johnston, the Commission dealt with the implications of less Federal support for employment training programs (NCEP, 1981:61-102). In Johnston's words, "it now appears certain that there will be fewer Federal dollars available for programs in the future, and, in addition, the Federal Government will have a diminishing role in program administration" (NCEP, 1981:98).

According to Johnston's analysis, Federal employment training programs were designed to help people whom the private employment training system had failed. "The question now is whether other institutions will be willing and able to take over the responsibility for training disadvantaged people" (NCEP, 1981:98).

Other than the Federal Government, the three major providers of employment training services are the schools, business, and the military. Johnston did not think any of the three would help more disadvantaged persons without additional incentives that in some way require Federal efforts, either affecting the number of jobs available, through job creation strategies, or the skills and number of jobseekers, through training, income maintenance program work test requirements, labor market assistance efforts, and adjustment assistance (NCEP, 1981:100-101). Federal coordination and money would still be needed, and

developing a rational system for serving the needs of disadvantaged, unemployed, or underemployed persons--a system that takes into account the resources available from both the public and private sectors--remains one of the major challenges of the 1980's (NCEP, 1981:102).

Who are the people whose needs are unmet by the functioning of the private labor market? An employment training program cannot be effective if its designers do not understand the problems and needs of the clientele.

Our understanding of the characteristics of those at the bottom of the income distribution has improved dramatically in recent years. That understanding was summarized in the Report's chapter on "Groups in Need of Employment and Training Assistance," by Ralph E. Smith

(NCEP, 1981:43-60).

In 1980, out of 118 million in the labor force, 21 million (18%) experienced some unemployment, according to the Bureau of Labor Statistics. Of that total, what groups would warrant special employment training assistance? Data and research identified three groups.

The first group consisted of poor and minority youth. "There is no general unemployment problem for youth but rather a concentrated problem among poor and minority youth" (NCEP, 1981:14). A large proportion of youth unemployment was incurred by a small proportion of the long-term unemployed. "They are having trouble finding their way into the labor market and we know that being without a job for a long period after leaving school is associated with lower earnings later in life" (NCEP, 1981:14). While it was natural for young people to have higher unemployment rates, there were dramatic differences by race and location. For example, in 1980 the unemployment rate for white teenagers was 15.5 percent, while for black teenagers living in metropolitan poverty areas it was 44.9 percent. This difference has persisted, and it also persists into adulthood (NCEP, 1981:47). It is not clear that the overall decline of the youth population during the next decade will affect these

differentials.

This is not to suggest that race can be identified as the main cause of youth unemployment. William J. Wilson has made the point that race has become subordinate to class as a determinant of poverty:

The situation of marginality and redundancy created by the modern industrial society deleteriously affects all the poor, regardless of race. Underclass whites, Hispanic-Americans, and native Americans all are victims, to a greater or lesser degree, of class subordinations under advanced capitalism (Wilson, 1980:154).

Wilson's analysis applies as well to the second needy group, which consists of adult workers with persistently low incomes. The analysis of this group owes a great deal to the results of research reported in Appendix A of the 1981 Annual Report, "Troubled Workers in the Labor Market," by Richard B. Freeman (NCEP, 1981:103-173). Freeman's paper, which includes an extensive literature survey as well as new analysis of longitudinal data, introduced some key findings about the disadvantaged worker.

1. Many workers at the bottom of the income distribution are permanently plagued by problems of low earnings. If "permanently disadvantaged" is defined as being in the lowest decile of the male earnings distribution

for 70 per cent or more of the time over a decade, about 5 per cent of working men who are heads of households are "permanently disadvantaged." And 60 per cent of women household heads who are in the labor force in any given year are in the lowest earnings decile for men. The existence of this group reflects the existence of a permanent subclass in the American earnings distribution (NCEP, 1981:106).

2. Although many workers who lose their jobs recover successfully, workers who drop substantially in the earnings distribution tend not to recover their previous economic positions.
3. While both low wages and working only a few weeks a year play a part in low income, "surprisingly, perhaps, low wages appear to be the more important cause of permanent economic disadvantage" (NCEP, 1981:106). Again, this is evidence for a permanent underclass of low-income workers.
4. For the most part, low wage workers are black, poorly educated, relatively unskilled, female, and in certain industries. However, the most important predictor of low earnings in any one year is low earnings in a previous year. "This fact highlights the importance of personal, unobserved factors in the labor market

problems of individuals" (NCEP, 1981:106). It also supports Wilson's argument on the primacy of class as opposed to race in poverty.

5. The classic labor market adjustments to economic problems--mobility of supply, growth of demand in response to labor supply, and changes in wages--appear to work for displaced workers, older workers, and depressed communities, but "the situation for women heads of households ...shows little evidence of change, and sluggish economic growth has meant that persons at the bottom have hardly improved their absolute earnings" (NCEP, 1981:107). Working women who are heads of households are the group with the most serious labor market problem.
6. Economic growth raises the earnings of all groups, but it does little to improve the relative position of the lowest group.
7. The distribution of black earnings is widening. Some black men have made considerable economic advances, but the labor participation rate of black men has fallen, creating a disparity between those in and out of the economic mainstream (NCEP, 1981:107).

The third major group of concern to Federal policymakers consists of experienced but "displaced" workers. The identity and need of this group is much more controversial than for the first two. The NCEP sponsored a considerable amount of research on displaced workers, including a summary paper reprinted in the Report, "Workers Dislocated by Economic Change: Do They Need Federal Employment and Training Assistance?" by Marc Bendick, Jr., and Judith Radlinski Devine (NCEP, 1981:175-226).

The tone of the Report was generally dubious concerning the efficacy of assistance to displaced workers. Bendick and Devine examined workers who had been unemployed for at least eight weeks and were also associated with one of three types of structural economic change:

Industries experiencing nationwide long-term employment decline, occupations experiencing nationwide long-term employment decline, and regions experiencing either very high unemployment or long-term population loss (NCEP, 1981:177).

Association with a declining industry did not appear to be a major indicator that a worker will experience particularly long unemployment. Such workers accounted for 20 per cent of those unemployed over eight weeks and 13 per cent of those unemployed over twenty-six weeks, but

the 13 per cent figure represents only 90,000 persons, compared to an employed labor force of over 100 million.

Occupational decline showed similar effects to industry decline. "Neither industrial decline nor occupational decline increased a worker's predicted duration of unemployment more than a few days, in a population where the duration of unemployment averaged 11 weeks" (NCEP, 1981:178).

Being unemployed in a declining region had a much greater negative impact. Those regions accounted for 43 per cent of eight-week unemployment and over 55 per cent of twenty-six-week unemployment --895,000 and 269,000 persons, respectively, in March 1980 (NCEP, 1981:177-8).

This finding should not surprise us; it is hard to find jobs in an area where few are available. Nevertheless, dislocated workers and their problems were quite different from the other two target groups of employment training policy. Dislocated workers were much better off than the other two groups: they had reasons to resist mobility (a high percentage of home ownership) and the resources (from savings and other wage earners in the family) to wait out a long spell of unemployment without seeking extremely low-paying work. Accordingly, Bendick and Devine concluded that there was "little support for

the notion that dislocated workers per se should receive high priority in the use of scarce Federal employment and training resources" (NCEP, 1981:180).

Nevertheless, the Commission included dislocated workers as fit targets for employment training programs. Once again, they were trimming their sails to the political winds, but this time the winds were blowing from the direction of Congress. Dislocated workers were concentrated in a number of Frost Belt cities, and for Congressmen from those areas the problems of unemployment were certainly severe enough to merit Federal action. Accordingly, Bendick and Devine eventually qualified their earlier judgments about relative claims to assistance:

Such negative conclusions, however, leave unaddressed three dislocated-worker problems which our empirical data suggested were possibly serious enough to require a Federal response: economic dislocation defined in terms of regional economic decline; the uniquely massive unemployment problems of the motor vehicle manufacturing industry; and the high levels of unemployment in a local area immediately following a mass layoff.

They recognized that the first problem was not an employment training problem but one that would require "locationally focused economic development efforts" (NCEP, 1981:218). For the second and third problems they could only suggest an ad hoc approach.

To summarize, three groups were identified as top priority for employment training services at the Federal level: poor and minority youths, severely disadvantaged adult workers, and dislocated workers. Once the groups to be served were chosen, specific criteria for program eligibility needed to be developed. Smith addressed the problem of defining eligibility criteria for the disadvantaged; he did not deal with dislocated workers.

The issues in defining criteria for program eligibility are complex. Who should decide among the many possible claimants for Federal services? Since 1966, when MDTA became part of the war on poverty, the trend in Federal legislation has been clear: there was a continuing emphasis on ever-tighter targeting (NCEP, 1981:55). Targeting was a major issue in the 1978 CETA reauthorization. "Creaming," or taking those who are eligible but need the smallest amount of services and have the greatest chances of finding jobs without assistance, was widely deplored. In fact, in 1978 there were 70 million persons technically eligible for CETA services, as compared to three million program positions. This was considered too wide a choice for the prime sponsors, and the 1978 Amendments cut the number of eligible persons to about 32 million, still a huge number compared to program positions (NCEP, 1979b). The Commission endorsed this

tightening of eligibility, and also recommended that a single set of eligibility criteria be used throughout CETA (NCEP, 1978).

The revision of eligibility criteria is a technical issue that surfaced repeatedly throughout the JTPA enactment process. What is interesting to point out here is that this is an area in which the Reagan Administration, despite its emphasis on moving decision-making powers out of the Federal sphere, consistently supported tighter Federal targeting and therefore more constricted choices for program operators. Later, we will consider charges that the Reagan Administration, while claiming credit for serving the most needy, in fact advocated tight targeting requirements in order to make the eligible labor pool less attractive to states and cities, and thus lessen their support for the legislation.

The differences between the 1980 and 1981 policy statements of the Commission show a lively regard for new political realities and a consequent shift in advisory strategy. Missing from the 1981 statement was almost every major theme mentioned in the 1980 statement: fighting inflation and unemployment concurrently, moving the economy toward full employment through the use of

effective fiscal and monetary policies, providing temporary income support as a goal of employment training policy, focusing on the structurally unemployed (NCEP, 1980:214).

In 1981, fiscal and monetary policies were not mentioned in connection with fighting unemployment, since it was generally acknowledged that Administration policies would in fact worsen unemployment, and moving the economy toward full employment was not a high Administration objective. Employment training programs as temporary income support were anathema to the new Administration, and the concept of structural unemployment was displaced by human capital analysis.

The 1980 policy statement made a number of specific recommendations, generally incremental in nature, covering such areas as unemployment insurance, trade adjustment assistance, public service employment, public works, national priority programs, private sector involvement, and planning structures. The 1981 statement made a general case for the existence of employment training programs; specific recommendations were conspicuous by their absence. Even in the staff reports section of the Annual Report, there were no recommendations covering the entire area of program content. While the 1980 Report

suggested slight modifications in the course of employment training policy, the 1981 Report was a salvage operation. The 1980 Report was a model of incremental policy analysis, suggesting new developments and refinements to a policy whose basic outlines were taken as fixed. Such an approach can be called typical of an organization that is operating comfortably within a relatively stable subgovernment. In 1981, the Commission was forced to return to first principles and justify the very existence of employment training programs; the employment training policy subgovernment was threatened with radical changes by an outside force, the newly-elected Reagan Administration. Thus the advent of a new Administration can be (depending on whether one supports the broad outlines of current policy) a setback, forcing the reinvention of the wheel in policy terms, or a rare opportunity to break the constraints of incremental policy development and take fundamentally new directions.

The Commission clearly anticipated a battle over CETA reauthorization that would question the need for any employment training programs. Although they realized that many changes were inevitable, they established a foundation for the defense of an active Federal role in employment training.

One clue to the attitude of the Reagan Administration towards employment training policy lay in their appointments to the Commission. Under the terms of Title V of CETA, the President is required to appoint to the Commission nine public members, who must be "broadly representative of labor, industry, commerce, education (including vocational and technical education), veterans, state and local elected officials currently serving in office, community based organizations, individuals served by employment and training programs, and of the general public." The President also appoints the Commission's Chairperson.

During the period 1979 through May, 1981, the members of the Commission, appointed by the Carter Administration, were Austin Sullivan, Jr., a vice president of General Mills and chairman of the Minnesota Governor's Council on Employment and Training; Pedro Garza, national director of SER-Jobs for Progress, a Hispanic outreach and training program; Leon Sullivan, founder of OIC of America, Inc., a national inner-city outreach and training program; Ruth Love, Chicago Superintendant of Schools; George Jenkins, an attorney; Sam Lena, a businessman and chairman of the Pima County, Arizona Board of Supervisors; Patsy Friman, assistant to the president of the Communications Workers of America; and Julius Thrower, administrative director

of Bishop State Junior College (South Dakota) and vice chairman of the American Association of Minority Veterans Program Administrators (ETR, 13:316). Every member of the Commission had extensive experience in employment training program operation or policy making.

Three members' terms expired in May, 1981, four were removed in November, and the other two were replaced in April, 1982. Chairman Ginzburg was replaced in November, 1981, by Kenneth Smith. Smith, who was 32 when he was appointed Chairman, was president of International Management and Development Group, Ltd., a Washington management consulting firm. He was also president of Jobs for America's Graduates, Inc., a national corporation designed to replicate in five states the youth employment program developed in Delaware by Smith. Formerly, Smith was founder of 70001, Ltd., a program that trained high school dropouts for entry-level jobs, and staff assistant to Patrick Buchanan, special assistant to President Nixon. He holds a B.S. degree from American University. While Smith had experience as an operator of employment training programs, he did not have a background of working with policy experts, particularly from the academic community.

In November, 1981, the Reagan Administration named six new members of the Commission. They were:

--Roberto Cambo, owner of the Rocam Produce Company of Miami. Mr. Cambo came to the United States from Cuba in 1960 and founded a fruit and vegetable business; in 1981, he owned two warehouses and employed fourteen people. He was active in the Reagan campaign in the Miami area.

--Michael Gaver, an associate with an international executive search consulting firm located in Chicago.

--Jack Gertz, public affairs and media relations manager with AT&T in Washington, D.C.

--Paul Locigno, research director of the Ohio Conference of Teamsters. Mr. Locigno was active in employment training organizations in Ohio.

--Roderick Paige, professor of health and physical education at Texas Southern University, where he was previously head football coach and athletic director.

--Kenneth Stout, a retired military officer and self-employed real estate investor in Anchorage, Alaska.

In April, 1982, President Reagan named to the Commission Norma Pace, senior vice-president of the American Paper Institute in New York City, and Daniel Quinn Mills, professor of business administration at the Harvard Graduate School of Business Administration. Mills had done a study for the Commission in 1977, and was well-known for his expertise on labor relations and employment problems in the construction industry (ETR, 13:315-16;793). Except for Mills and Locigno, the Reagan Administration's appointees did not have extensive experience in employment training matters; while I do not suggest that political loyalty or activism should play no part in determining who receives political appointments (and Carter's nominees were equally well-connected politically), the Reagan Administration's appointments suggest to me that the Administration placed a low priority on the work of the Commission and on the importance of employment training policy.

To anticipate the course of our narrative somewhat, the NCEP proved to have considerable credibility within Congress, which not only reauthorized the Commission as part of JTPA but increased its independence from the Administration. The Commission was reorganized under JTPA to exclude the heads of Federal agencies; the new Commission would consist of fifteen "public" members.

As a key participant in the employment policy subgovernment, the NCEP provided policy options and theoretical justifications to members of both political parties who wanted to continue Federal employment training programs. Taken as a whole, the Commission has been a successful innovation in the areas of data-gathering, program evaluation, and policy advice. At least as long as academic policy professionals were strongly represented on the Commission, it served as a vital link between the theory and practice of employment training. The Commission made an important contribution to the survival of the employment training subgovernment during the rocky transition between Administrations, which is described in the next chapter.

CHAPTER 5

TRANSITION IN ADMINISTRATION POLICY, 1979-81

"Politics ain't bean bag."

--"Mr. Dooley"

This chapter chronicles developments in employment training policy during the period 1979-1981. Six major topics will be examined: the controversy over public service employment; the efforts of the Carter Administration to pass youth employment training legislation following the passage of the CETA Amendments of 1978; policy research on the relationship between CETA and private industry; employment training issues as they were treated during the 1980 Presidential campaign; early developments in the Reagan Administration's approach to employment training policy; and, finally, the most important contributions of employment training policy researchers will be considered, as they related to the

other elements of the narrative. The role of Congress in formulating legislation is omitted from this chapter; it will be considered in Chapter Seven.

In 1979 and 1980, employment training policy was considered within the economic context of simultaneous recession and high inflation. The Carter Administration was split between those who thought recession or inflation should have higher priority. Secretary of Labor Marshall continued to favor employment training programs, including public service employment, as a countercyclical strategy to fight recession, while many in the White House and the Office of Management and Budget opposed higher Federal spending until inflation eased (ETR, 11:2:30). Aside from this more general question--could one fight recession and inflation at the same time, or, if not, which was more important--both Congress and the Administration were split as to whether employment training programs should play a major role in a countercyclical strategy against the recession.

The uncertainty over macroeconomic strategy had dire consequences for employment training policy. It lurched like a car driven by a learner; the Administration alternately punched the accelerator and jammed on the brakes.

Public service employment

An active employment training policy was a potential tool for fighting recession. The problem was to choose the best way of combating the recession, or at least to cushion its effects. Laying aside for the moment the question of the effectiveness of the training offered in training programs, was it better for an unemployed person to be in a training program receiving training and a stipend rather than unemployment insurance or welfare? The training strategy has been pursued elsewhere with some success, perhaps most notably in Sweden (Rehn, 1980).

An anti-recessionary employment training policy could take two directions. One direction was toward job creation, with little attention to skill training. This path had some strong points in its favor, making it seem the path of less resistance. Job creation in the form of a public service employment program could be done relatively quickly; local governments had hiring mechanisms in place and could easily identify jobs that could be done. In economic terms, speed of action is a definite virtue in countercyclical action, and this approach had been successful in 1971, under the Emergency Employment Act. In addition, a public service employment program that passed Federal money along to cities held

considerable political attraction; most major cities were hard-pressed, and most were Democratic.

The skill training direction had its own adherents. One example typifies their position. A report by the National Manpower Institute (Barton, 1980) charged that policymakers "are almost like a doctor, who, having failed to keep a person healthy, abandons the sick patient with a bottle of aspirin at the bedside." Instead of layoffs and unemployment insurance during recessions, there should be an education and training alternative to provide skill upgrading for workers who would otherwise be laid off. Remuneration would be made on a stipend basis, perhaps lower than regular wages, but higher than unemployment insurance. In this way, the employer would maintain an experienced workforce, enlarge the productive capabilities of the workforce, and increase the loyalty of employees. There would be additional government spending to cover a portion of the stipend, but reductions in spending for unemployment insurance, welfare, and medicaid costs.

The United States experiment in countercyclical employment training policy emphasized public service employment, without a significant expansion in training programs. The 1978 CETA amendments and supplementary appropriations devoted the lion's share of new funding to

public service employment. Unfortunately, the Carter Administration's political judgment proved faulty in this choice.

Congress was divided in its feelings about employment training policy. The subgovernment, led by the National Commission for Employment Policy, was moving in an increasingly activist direction, but many other Congressmen took a generally skeptical view of the role of employment training programs against recession. Opponents focused the attention of Congress on the public service employment program, which proved to be a disadvantageous battleground for proponents of an active employment training policy. The public service employment debate tended to accentuate the problems of employment training programs as anti-recessionary tools, rather than their potential.

Congressional opinion was turning against public service employment as early as 1979. At a research conference sponsored by the Employment Training Administration of the Department of Labor (ETA), several Congressional staffers reported that Congress was more likely to fight the worsening recession with a tax cut than with increased employment training programs, particularly public service employment (ETR, 11:2:31).

Robert Guttman of the Congressional Research Service said that the question in Congress' minds was how much to cut CETA, not how much to spend. Public service employment was unpopular in Congress because members perceived that local programs were marred by patronage, make-work jobs, and substitution of effort (ETR, 11:2:31). Richard Nathan, a Princeton University labor economist, agreed that CETA was now a "four letter word" in Congress (ETR, 11:2:31).

Carol Cox, a Republican staff member of the Senate Budget Committee, agreed that CETA would probably be cut, and particularly, "there is a negative bias on our Committee toward the Title VI public service employment jobs program." The only hope would be to cut the program less rapidly than planned; "to us, it is an expansion if you keep any jobs at all in FY 1982" (ETR, 11:14:401).

The major substantive criticisms were first, that public service employment jobs were make-work, raking leaves and such; and second, that localities were simply substituting Federal funds for local taxes, and not creating new jobs at all. Examples of both criticisms were found and presented to Congress. Changes were subsequently made in the public service employment regulations, but the controversy continued.

A major research study, directed by William Mirengoff, evaluated the effects of the 1978 CETA Amendments (Mirengoff, 1981). Mirengoff critically and sagaciously examined the record of the public service employment program, throughout its several twists and changes of policy. Unfortunately, Congress didn't wait for professional analysis; the study was published in 1981 when public service employment's fate had already been sealed. The most apt summary of the study's findings was that of the ETR editorial staff: "it reiterates earlier findings that the public service employment program's most chronic and intractable problems had been largely corrected just as the program was being dismantled" (ETR, 13:19:460).

Youth

After the 1978 CETA Amendments were passed, the chief task of the Carter Administration concerning employment training policy was to devise a new program addressing the employment problems of youth. This project had a high public relations profile, and was considered Vice President Mondale's showcase project, tangible proof that his role in the Administration included more than the traditional symbolic duties of the Vice President. Mrs. Carter also took a personal interest in the problems of

youth. The Administration convened a Vice President's Task Force on Youth Employment and held an elaborate series of regional conferences to discuss and develop proposals for action.

The NCEP played a role in the process by submitting a set of goals and recommendations on youth employment (NCEP, 1979c). At this point, the NCEP and the Administration were working as one, and the NCEP report was aimed at Congress, where legislation was expected. Thus, the NCEP report summarized the Administration's position as well as its own.

Most important to the NCEP, the Congress and Administration should

identify the employability and employment problems of disadvantaged youth as a domestic issue of critical importance to the future well-being and security of the nation and pledge that the Federal government and the nation will devote the resources and efforts necessary to its amelioration (NCEP, 1979c:S15788).

The NCEP stressed both the structural aspect of youth unemployment and the macroeconomic aspect:

Youth unemployment should be viewed principally as a structural problem and long-term solutions sought. Nevertheless, there is no question that sustained high levels of employment are an important precondition for substantially improving the labor market prospects of disadvantaged youth (NCEP, 1979c:S15788).

Aside from its macroeconomic responsibilities, the Federal government should play a very active, if rather vaguely expressed, role:

The major objective of Federal education, training, and employment programs for youth should be to improve the long-term employability of [low-income] youth; that is, their basic education, work habits, ability to absorb new skills on the job, and other competencies which will permit successful integration into the regular work force (NCEP, 1979c:S15788).

To fulfill their goals, the NCEP made twenty-two specific policy recommendations. Most significant to our interests, they reversed their previous opposition to categorical programs in CETA and recommended a separate title for youth programs, because, they said, of the seriousness of the youth unemployment problem and the need to coordinate employment training activities with the school systems. Several of the recommendations concerned linking CETA activities to school-based activities, and funding compensatory education programs in the schools. The report also recommended that the Job Corps be expanded (NCEP, 1979c:S15790).

In fact, no youth legislation was passed before the 1980 election. The Administration never managed to present a united front and push its program through Congress. The conflict between the Labor Department, the

Office of Management and Budget and the Treasury Department was a standoff, and the President failed to resolve the conflict between his agencies.

The whole story of youth employment training legislation deserves a study of its own; its importance to this work lies in the way the development of youth policy illustrates the Administration's attitudes towards CETA. Aside from failing to resolve its ambivalence towards the role of employment training programs in the broader economic context, Carter's policy makers were also ambivalent about the usefulness of the CETA administrative structure. At one point they were willing to consider greatly expanded responsibilities for the CETA system, even to the extent of giving it some leverage (through funding) over the much larger, more powerful, and more locally-controlled public education establishment. At another point they considered shrinking the CETA administrative establishment and giving most of the funding to the school systems (this when Carter was soliciting election support from the teachers unions [New York Times, 2/12/80, 23:1]).

A youth employment training bill eventually passed the House in 1980, but at a time when it was clear there would be no Senate action before the election recess. The

large majority that voted for the bill could go home and say they had voted to do something about the problems of youth unemployment. Opposition to the bill united the far left and right. Conservatives opposed any Federal money for job training. Liberals opposed the bill as a "shell game," in the words of Representative George Miller of California, a Democratic member of the House Education and Labor Committee. Miller blasted the bill as just an election year maneuver that would create a new level of bureaucracy and not much else (New York Times, 8/27/80, 1:1).

Finally, then, the Carter Administration was unable to pass a youth employment training bill. Its last tangible success in the employment policy arena was the passage of the 1978 CETA Amendments. During its last two years, the Carter Administration failed to take coordinated and decisive action in the realm of employment training policy. The chief reasons for the Administration's failure were its apparent inability to decide whether to support a more restrictive fiscal and monetary macroeconomic policy or a more expansive full employment-oriented macroeconomic policy, and its failure to coordinate the legislative consideration of the youth employment training bill before the 1980 campaign season, when Congress was reluctant to pass new social spending

measures.

CETA and private industry

The main theme in policy research regarding CETA during the 1979-1980 period was the examination of the relationship between CETA and private industry. Four research reports sponsored by the Department of Labor stressed the importance of increasing private sector involvement in CETA. A study performed by the Conference Board, a private, non-profit economic research firm, concluded that more private sector involvement in CETA would be essential, as Federal employment training programs will continue to be a vital part of the United States economic and social policy throughout the next decade. The study pointed out that most private firms were still not aware of CETA. Furthermore, it was essential to tailor training and placement programs to the actual job needs of employers, in order to reduce recordkeeping and red tape, and to improve communications with private sector firms. In order to do this, the role of Private Industry Councils (PICs) would need to be considerably strengthened (ETR, 11:8:196-7).

Another study confirmed the importance of close links between training programs and employers. The authors, Marcia Freedman and Anna Dutka of the Columbia University Conservation of Human Resources Project, concluded that the ideal "skill acquisition scheme" is a mixture of classroom and on-the-job training similar to that found in apprenticeship programs (1980).

Two reports focusing specifically on private involvement in public training were released somewhat later, toward the end of 1981. The first, by Randall Ripley and Grace Franklin, surveyed twenty years of private sector involvement in government employment training efforts. They found that volunteerism, economic development projects, and tax credit incentives have accomplished relatively little compared to training programs. "Reliance on volunteerism on the part of employers has not generated much in the way of concrete benefits for the economically disadvantaged in the past" (ETR, 13:19:453).

Private sector involvement should nevertheless be encouraged, and the authors concluded the following:

1. Initiative must come from the government; the private sector will not become sufficiently involved without Government-furnished incentives.
2. Experimentation with different program formats should be encouraged.
3. Efforts should be directed at small local firms rather than national companies, since the vast majority of new jobs in the economy will be created by small firms.
4. National level policy makers should not overmanage local programs.
5. Private industry councils should not be funded directly or given prime sponsor status, but incremental changes should be made in the existing CETA structure.
6. National mediating groups (such as the National Alliance of Business) "have at best limited utility" in encouraging private sector partnerships. (Both the National Alliance of Business, on the management side, and the Human Resources Development Institute, a creation of the AFL-CIO, enjoyed a legislatively-mandated coordinating and mediating role under CETA.)

7. Programs that rely on pledges of future hires will prove disappointing. This was the experience of several earlier programs.
8. Too much reliance on volunteer staff is a mistake; professionals are "crucial."
9. On-the-job-training is not always the most appropriate way to increase private sector participation.
10. Small categorical add-ons to the CETA budget can have only limited results (ETR, 13:19:453-5).
11. Most important, any attempt to increase the private sector role in employment training programs should focus on structure and design rather than on increased spending. The structure must be improved before it can competently handle more resources. Prime sponsors should be given more flexibility in program design (ETR, 13:19:455).

Another major study, sponsored by the Employment and Training Administration and performed by the staff of Ohio State University's Mershon Center, evaluated the development of the Private Sector Initiative Program (PSIP), authorized by CETA's Title VIID. It was the PSIP program that established the private industry councils

(PICs), made up principally of business representatives, to plan and guide private sector employment training activities (OSU, 1981). The study, an empirical examination of PSIP activities, produced the following principal findings of interest here. First, PSIP activities varied greatly from place to place, and by late 1981 had achieved "significant importance" in only one-third of the sites.

Second, factors affecting PSIP performance were amenable to local control but not Federal control, and included how private industry council members were appointed and functioned, the caliber of staff support, the effectiveness of the local CETA system, local economic conditions, business attitudes, and types of business participation.

Third, PSIP success was proportional to the functioning of the private industry council. Finally, PSIP was instrumental in getting some program changes in the CETA system in half of the sites studied (ETRP, 1982:117).

The Ohio State University study shared with Ripley and Franklin the finding of the importance of local efforts, and the relatively modest effects of private sector inputs. It was less optimistic about the prospects

for Federal stimulation of greater local private sector effort.

William Mirengoff's study of the 1978 CETA Amendments found that the new requirements and regulations tended to constrain local sponsor flexibility. The establishment of separate youth programs and the PSIP encouraged program fragmentation rather than integration, and tougher auditing and eligibility standards made prime sponsors more cautious and less willing to innovate. Planning efforts continued to be disrupted by frequent changes in policy and funding allocations coming from Washington. Tighter targeting of public service employment jobs did shift enrollment to more disadvantaged groups, but that also had the effect of reducing the skill levels of public service employment jobs (ETRP, 1982:118).

To summarize, the studies had several points in common. The CETA system seemed to be making some headway in the crucial task of integrating government employment training efforts into the national employment system. Private sector involvement in CETA should be expanded carefully, in small steps, with respect for variations according to local needs and practices. There was some feeling that local program operators were improving in their performance, and consequently could profit from more

flexible regulations. Program structure must be reviewed, and new approaches tried, but in a careful way, to avoid more disastrous system upheavals.

Employment Training Policy in the Presidential Campaign

The subject of employment training policy, particularly public service employment, was a political football during 1980. Despite criticisms of public service employment, the Administration was generally proud of its tighter targetting of CETA programs and its initiatives to strengthen the role of the private sector (New York Times, 1/11/80,22:4). In his State of the Union address, President Carter proposed an additional \$2 billion expenditure over two years, to create 1.5 million job training positions for youths aged 14-21. This was all that could be spared in a context of retrenchment (New York Times, 1/22/80; 1/31/80).

As 1980 wore on, the anti-inflation forces in the Administration increased their influence at the expense of the anti-recession forces. By March, the Office of Management and Budget (OMB) was reportedly planning to cut 50,000 public service employment slots from the CETA budget, in order to save \$523 million (New York Times, 3/1/80,30:4). The Senate Budget Committee favored

eliminating public service employment entirely (New York Times, 4/4/80, IV, 6:4), but the House refused to go along, and when it rejected the overall Carter budget at the end of May, Speaker O'Neill attributed his opposition chiefly to the proposed cutback of public service employment positions to half the previous level (350,000 slots instead of 700,000) (New York Times, 6/2/80, 14:1).

President Carter appeared to change his mind again after Black ghetto residents rioted in Miami. He flew to the city and called for a new \$2 billion increase in job programs, without specifying where the money would go (New York Times, 6/10/80, II, 12:3). The intra-Administration clash between the expansionists at the Department of Labor and the monetarists at the Office of Management and Budget worsened, and broke into the press. The Times reported on the controversy in mid-June, and solicited the opinion of the Administration's chief economic policy-maker, Treasury Secretary G. William Miller, who said that there were no plans for expansion of CETA, and "the greatest contribution we can make to jobs creation is to keep inflation down" (6/12/80, 26:3).

Meanwhile, Senator Edward Kennedy (D-Mass.) made job training an issue in his campaign against Carter for the Democratic Presidential nomination. Kennedy favored

spending \$3 billion more for public service employment, and an extra \$1 billion for youth jobs (New York Times, 6/11/80, 28:2). At the Democratic convention in August, Kennedy supporters introduced a platform plank calling for a \$12 billion jobs bill. Despite Carter's control of the convention, this plank was allowed to win. At the time, however, it was widely agreed that the plank's passage had nothing to do with its content; Carter's managers were allowing Kennedy's supporters to win budget planks as a tactic, in order to gather more adherents for the crucial candidate selection votes.

Employment policy was mostly ignored as an issue during the Carter-Reagan campaign. Employment training issues were not expanded to a mass public. President Carter apparently felt that employment training policy had little widespread public appeal. CETA's image as a social spending program would not help Carter in his attempt to claim the right-center territory from Ronald Reagan, and Senator Kennedy's earlier emphasis on employment training policy was probably another negative influence, since President Carter did not want to revive memories of that campaign.

Candidate Reagan's strategy in the campaign was to avoid taking stands on specific policies as much as possible. His only action regarding employment training policy was a late and rather vague endorsement of a plan suggested by Congressmen Jack Kemp (R-NY) and Robert Garcia (D-NY), which would replace current urban assistance and employment programs with "urban enterprise zones," officially-designated urban areas that would be empowered to give tax incentives to businesses that located there.

Candidate Reagan appointed an urban affairs task force that also had the responsibility of considering employment training policy, which was apparently not considered important enough to have a task force of its own. The task force, made up of academics and public officials, was chaired by Pete Wilson, then Mayor of San Diego. Shortly after the election, the task force reported that CETA should be phased out and replaced by the urban enterprise zone concept (New York Times, 11/21/80, 1:6). It was thought that the total cost to the Government of the urban enterprise zones would be \$1.5 billion per year (New York Times, 11/23/80, IV, 2:3).

Beginnings of Reagan Administration Policy

If the Reagan campaign had lacked specific proposals concerning employment training policy, the general tenor of Reagan's economic views, emphasizing reduced government spending for social programs and a lessening of Federal authority, seemed to promise a complete upheaval in employment training policy. Shortly after the 1980 election, the Heritage Foundation, a conservative think tank with close links to figures in the Reagan Administration, issued a report on the Labor Department. The report called the Employment and Training Administration (ETA) one of the most "confused and directionless" agencies in the government (ETR, 12:16:437). According to the Heritage Foundation, ETA tried to pursue, without clear priorities, economic, social, and political goals that were often conflicting. ETA would require a "major overhaul," since its programs were not run very well, were often "inconsistent," and had "horrendous" paperwork requirements. All top level personnel should be fired (ETR, 12:16:438).

When it came to defining the purpose of ETA, the Heritage group was forced to fall back on pious generalities. ETA's single mission should be to use Federal employment training resources to

enable individuals who lack skills to enter the labor market in a way that fulfills private sector needs without displacing the available labor supply and in a way that is compatible with the overall economic strategy of the new Administration (ETR, 12:16:438).

Longer term goals of ETA should be to serve as a catalyst to improve productivity and upgrade the skill level of the workforce. Also, ETA should develop a long term plan to solve the unemployment problem among youth and the economically disadvantaged "without putting everyone on the public dole" (ETR, 12:16:438). How these goals were to be accomplished was not spelled out.

The first specific indications of the new Administration's plans for CETA came in the President's budget message in February, 1981, and the concurrent release of proposed budget cuts by the Office of Management and Budget (OMB). CETA funds were to be cut heavily, proportionately more than any other major program. Public service employment hiring would be frozen and the program cancelled as soon as possible. More generally, categorical grant programs, including CETA, were to be consolidated into block grants to the states as part of the Administration's "New Federalism" initiative. No details had yet been worked out (ETR, 12:24:689-91).

The Administration was slow to organize an employment training policy making team. They appointed no experienced policy makers to the top echelons of the Labor Department. The position of Secretary of Labor was among the last Cabinet positions to be filled, and President Reagan's nominee, Raymond Donovan, had to spend much of his first year in office defending himself against charges of collusion with gangster elements of the New Jersey construction industry.

The Assistant Secretary of Labor for Employment and Training would be responsible for administering CETA and designing its replacement. The Administration's choice for the post was Albert Angrisani, a 31-year-old executive vice president of Chase Manhattan Bank. Angrisani had no experience in the field of employment training. He had handled pension and investment matters at Chase, and had served as the Reagan campaign manager in New Jersey, where he worked closely with Secretary Donovan, who was New Jersey campaign chairman.

In confirmation hearings before the Senate Labor and Human Resources Committee, Angrisani stressed the themes of eliminating waste and excessive regulation and restoring the balance between the Federal government and the states. He said that CETA had "evolved from a

relatively simple decentralized and decategorized program" to one that was "categorized, replete with duplication, centralized, and difficult to administer;" he looked forward to "reestablishing the block grant concept that should underlie the program" (ETR, 12:27:774). He particularly supported programs for disadvantaged youth, while singling out public service employment as a failure. In any new program, the private sector would play a larger role: "we will be concentrating our efforts on the private sector not only because it is where the vast majority of jobs is, but because these are jobs with a future" (ETR, 12:27:775). Angrisani was confirmed on March 9, 1981.

Angrisani's first opportunity to express his own views, as opposed to prepared testimony, came in an interview published in Business Week on March 31, 1981. The editors noted that the Administration had not really turned to policy strategies for employment training programs yet, nor had Angrisani acquired an aide experienced in employment training matters.

When asked the Administration's basic position towards employment training, Angrisani replied that "we must change the perception that the Government has to do this job." If there must be some Federal effort, "my

first priority is to help those who want to get ahead, not to resurrect those who don't care." He agreed with the White House that all 325,000 public service employment jobs should be cut from the FY82 budget, and that youth and adult CETA programs should be consolidated, with a \$670 million budget cut. According to Business Week, a "key" House Democrat commented, "for 'youth consolidation,' read 'wipeout'" (3/31/81:54).

When asked what type of employment training programs the Administration might support, Angrisani replied that he foresaw a "potentially big role" for the military, which "...could be a natural market, with a broad spectrum of training from electronics to plumbing." On the subject of retraining, he suggested that unions should solve the problem by negotiating retraining funds from their employers.

While Angrisani's remarks about using the military for employment training purposes did not bear fruit in legislative proposals, they did cause a section on military training needs to be written for the NCEP 1981 Annual Report, as we noted in Chapter Four. The NCEP stressed that the military's needs did not overlap very much with the needs of the civilian economy (NCEP, 1981:99-100).

Angrisani's interview established themes that would become leitmotifs of Reagan Administration employment training policy. One theme was the at-best grudging acceptance of the need for any government efforts in employment training. If there must be a Federal employment and training program, it should be as small as possible.

The idea of the deserving poor is another leitmotif of Reagan policy. According to this belief, among the unemployed there exists a small core of those who are ambitious but have somehow missed the opportunity to get good jobs or gain skills; they were taking a nap when opportunity knocked, but now deserve a second chance to open the door. In order to be helped, this group has to be singled out from among the larger band of freeloaders who "don't care" enough to get out of poverty on their own. This characterization of the needy, with its overtones of blaming the victim, is one of the starker differences between the attitudes of the Carter and Reagan Administrations.

The Administration was quick to take action against CETA. On March 2, President Reagan announced a freeze on the public service employment program; no new starts would be allowed, and programs would close as funding ran

out (New York Times, 3/3/81,B12:1). Reagan requested \$9.26 billion in cuts in the Department of Labor budget, mostly in CETA, and the Senate Budget Committee quickly approved cuts of \$8.5 billion (New York Times, 3/19/81,1:6). This was during President Reagan's "honeymoon" period, when the Congress was almost totally compliant.

On April 2, Donovan and Angrisani appeared before the House Education and Labor Committee to defend cuts in CETA funds for current programs. On the subject of CETA's future role, both Donovan and Angrisani emphasized that it would be to provide training for jobs in the private sector, which would soon be revitalized by the President's economic policy. Angrisani stressed that a new CETA must be more selective: "we are going to have reduced resources. We want to get the people who really do want to get ahead. We need to be selective" (ETR, 12:30:873-4).

After three months on the job, Angrisani offered his assessment of employment training policy in an interview with the editors of ETR (12:33-4). He was firm about ETA's top priority:

I'm being very strict on one point, and that point is this: that we are a training institution. We are not an income supplement institution. We are

not an income maintenance institution. We are a training institution. We must keep that focus and make our decisions [on that basis].

...We have only one goal: to identify people that need training consistent with the legislation and to measure immediate placement of those individuals--and to get them placed (ETR, 12:33:968).

The sharp distinction between training and income maintenance is another leitmotif. The Carter Administration had stressed employment training programs as a superior form of income maintenance, combining relief with the potential of increased future productivity. The Reagan Administration rejected this approach, as a corollary to its negative attitude towards government handouts. The argument over stipends for those in training would be one of the most persistent in the development of JTPA; supporters of stipends insisted that the disadvantaged would not be able to participate in training programs without a stipend to pay their living costs, while the Administration denounced stipends as a back-door form of welfare payment.

Angrisani told ETR that so far the Administration had no plans to frame its own CETA reauthorization legislation, but would work to influence bills developed in Congress.

Right now, we just want to be the managers, and

the responsibility of the manager is to bring the decision makers and the legislators ...the most clear and honest information that we can have (ETR, 12:33:968).

Nevertheless, the Administration was committed to the block grant approach, and they believed public service employment had been a failure, because most former participants were not able to find unsubsidized jobs. In a revealing statement of his own attitude towards the policy making process, Angrisani said that when writing CETA replacement legislation, the Administration would not have a massive outreach process but would work with "key centers of influence," and discussions had already started with those groups.

Angrisani stressed that it was important to design a program that was achievable. His message to Congress was

Don't give me some political document that suggests that we're going to solve the short-term unemployment problems because of some training program, and seven years down the road have to sit back and say ...we don't know (ETR, 12:33:969-70).

There was surprisingly little reaction to the CETA budget cuts. In an analysis of CETA politics, John Herbert of the New York Times pointed out that local officials were not trying hard to save CETA (4/12/81, 27:1). He blamed the political failure of CETA on the success of the 1978 CETA Amendments in tightening

eligibility for CETA jobs to the disadvantaged, and limiting the wage that could be paid. These changes had made CETA less attractive to local officials.

A study by Robert F. Cook, of the Princeton University Urban Regional Center, reinforced Herbert's analysis by showing that the goals of the 1978 Amendments had in fact been achieved:

increases were found in the proportion of women, minorities, persons with less than 12 years of education, those unemployed for long periods, those with low incomes and public benefit recipients.

Cities responded to the tightening of restrictions by subcontracting the job slots to private nonprofit groups. It was too difficult or too politically unrewarding to create and fill the jobs within the local government. By the end of 1979, 31 per cent of all CETA slots were subcontracted, and the percentage was rising rapidly. When the political crunch came, cities (except for the extremely poor cities such as Detroit and New York City) were already reducing their participation in CETA and had small reason to fight for its continuation.

By June, the Administration had still not decided whether to develop its own CETA replacement legislation, but Angrisani told an NCEP-sponsored conference on vocational education and CETA that whatever new law was

developed should have an equal emphasis on training and placement. Training and placement are like product and sales in the business world, he said. Youth training had the greatest potential for return, due to the long careers for future payback. In any event, CETA must be made more stable and focused. "We need to take the politics out so that the program won't change with every administration" (ETR, 12:39:1132).

Meanwhile, a slightly lower Administration official was willing to be more specific about the Department of Labor's thinking. Speaking to the U.S. Conference of Mayors Employment and Training Council (composed largely of local CETA officials), Robert Jones, Administrator of the ETA Office of Management Assistance (one level below Angrisani), summarized the key issues in CETA reauthorization:

1. Achieving better coordination between CETA and the local job market, so CETA isn't "just a Federal program."
2. An emphasis on output (placement and wages) rather than process.

3. The "contradicting" issues of more effective management versus reduced reporting requirements.

4. Closer relationships between all employment training-related programs.

5. The possibility of targeting CETA to only certain areas of the country (ETR, 12:32:991). (This possibility never surfaced again.)

Jones disagreed with the fear expressed by many conferees that the Administration's proposed block-grant approach for future CETA programs would mean that all CETA appropriations would be funnelled through governors, who would distribute the money to suit their own political ends. In his view, "the major tenets of CETA won't change [and CETA will] remain a highly structured program" (ETR, 12:32:992).

Jones was not so reassuring when he testified before the House. The basic question, he said, was

Who can we serve successfully and what can the government do best for that group? Success [might mean] removing most of the program if that's what is necessary. ...The complexities of the current system are true and they are failures. We can't have the public and Congress in confusion about how the money is spent (ETR, 12:42:1235).

Lessons of CETA: Expert Views

With new leaders at the helm of the Administration and CETA's authorization running out, the policy research establishment faced a challenge. Their influence over the development of employment training policy seemed questionable, to say the least. In June, 1981, the NCEP held a conference to review CETA's failures and accomplishments. The keynote speaker was Garth Mangum, professor at the University of Utah and a preeminent "insider" in employment training policy research. Mangum presented a list of the problems and mistakes of CETA that resulted in the current political crisis for employment training policy (ETR, 12:42:1232). He squarely addressed the problem of making employment training programs palatable to the new Administration, and listed the lessons to be learned:

1. "We spent too much"--not in terms of the need for employment training services, but from the perspective of the taxpaying public and in the interest of careful administration.
2. "We went too far" in increasing all social welfare programs and regulating business, without realizing a substantial backlash was building up.

3. CETA "kept bad company" politically, becoming identified with even less popular social programs such as welfare, abortion, and gay rights.
4. "We changed philosophy" somewhere along the line from MDTA to CETA. MDTA could accomodate conservative as well as liberal rhetoric. Phrases such as "investment in human capital" or "rehabilitation" stress personal as opposed to societal responsibility, an emphasis that shifted under CETA.
5. Too often CETA programs were given tasks they could not do, or solutions were inconsistent with the real problems.
6. Even friends of employment training programs "must confess to a failure of public management [even though] the job was an extraordinarily difficult one."
7. Finally, "we didn't prove our strong case" by putting a strong evaluation system into place early. "An evaluation system is a necessary defense for any program which would serve a minority and not overly popular clientele" (ETR, 12:42:1232).

The mistakes and failures of CETA, combined with the outlook of the new Administration, created difficult challenges for employment training policy. Any future employment training program must emphasize sound management, experiment and demonstration combined with evaluation, and a commitment to political pragmatism.

Mangum's speech summarized the widespread feeling that employment training programs faced severe political challenges. His advice on adapting employment training policy to conservative political rhetoric certainly seems to have been taken by the NCEP, to judge by its 1981 Annual Report.

Also speaking at the NCEP conference, Robert Taggart, a former ETA official currently associated with the Center for Social Policy Studies, presented a review and re-thinking of the structure of employment training programs. He attributed public skepticism toward employment training programs in part to inflated expectations. In actuality, the output of various CETA service components had been "remarkably consistent" with previous program outcomes. CETA had not been a failure, but neither had it made any spectacular leaps in serving the unemployed. Changes in the system were certainly necessary, especially since demographic changes during the

next decade will result in a shortage of the entry level workers CETA was prepared to serve (ETR, 12:42:1232).

A review of CETA training showed that

the substantial body of evidence convincingly documents the positive impacts of training in increasing future employment and earnings of participants and in providing society a positive return on its investment. Whatever the shortcomings in the current system, it has produced these favorable results (ETR, 12:42:1233).

Unfortunately, while long-term training showed the best returns, CETA planning and management were mostly directed to "short-term, palliative missions" and discouraged training investments (ETR, 12:42:1233). In order to be most effective, Federal employment training policy should adopt four major changes:

1. Emphasize training, while deemphasizing work experience and income maintenance.
2. Create uniform competency assessment systems to measure skill levels and certify competencies of participants.
3. Build a "second tier" of long-term training onto current short-term training, so that participants with greater potential can move upward. Then, sorting out better participants will be "an objective rather than

a taboo."

4. Use mainstream institutions such as vocational schools and community colleges for training the disadvantaged whenever possible, to avoid stigma, provide greater choice, and apply stricter standards of individual performance (ETR, 12:42:1233).

Local programs should certainly be consolidated, but the best approach would be a dual system with a youth program designed for entry into career training or the labor market, and adult programs which provide actual career training or career entry activities (ETR, 12:42:1234).

Taggarts's conclusions were further documented and extended in the working paper he and Mangum presented to the conference. Aside from documenting the value of training, the paper demonstrated that some "non-occupational" training, such as high school equivalency classes, English as a second language, and job search assistance, have a relatively low cost and high payoff (ETR, 12:43:1259).

Mangum and Taggart found many similarities between the CETA experience and the earlier studies of MDTA. Both programs made most of their impacts by

recruiting small proportions of a very large and needy group, training them for jobs within their reach, and placing a high proportion of the completers in the kinds of jobs which tend to be ubiquitous regardless of the state of the economy and which provide incomes at or near the poverty line (ETR, 12:43:1260).

MDTA and CETA programs may not have overcome poverty, but they did serve to "reduce distress and increase self-support." CETA had been a definite if modest success, yet employment training programs had "never been the subject of popular enthusiasm and periodically have come under serious attack." Mangum and Taggart attributed CETA's political unpopularity to the "unspectacular" nature of the results, the overpromise of the war on poverty, and the mounting anxiety over inflation, which might make a taxpayer "much less willing to sacrifice for the long run remediation of his or her less fortunate fellow citizens" (ETR, 12:43:1261).

We should note that public service employment specifically, and employment training programs as anti-recessionary tools generally, were not even mentioned in Mangum and Taggart's paper, much less defended. While soberly assessing the possibilities for political success,

Mangum and Taggart highlighted the aspects of CETA that promise the greatest long term prospects of success, namely the programs emphasizing skill training.

Many of Mangum and Taggart's conclusions were further reinforced by a study released later in the year by Mangum and Sar Levitan. Their study concentrated specifically on the training components of CETA (Leviton and Mangum, 1981). Levitan and Mangum's study was less concerned with the immediate political climate than Mangum and Taggart's paper; rather, it presented lessons learned about training from CETA programs. After a thorough analysis of the problems of prime sponsors, Levitan and Mangum concluded that "it is not the whip but guidance that prime sponsors need." Considering the litany of problems and legislative and administrative changes made in CETA, it was remarkable that cost/benefit ratios were still positive (Leviton and Mangum, 1981:219).

Leviton and Mangum's own recommendations for the future of CETA pointed the way toward improving CETA as a training system. They advocated:

1. A two-tier training system of classroom instruction.

The first remedial career entry phase should last no more than thirty-six weeks. The second, more extensive phase of specialized occupational training,

- would be available to those who did well in the first phase (Leviton and Mangum, 1981:221).
2. On the job training should be modified to include a "try-out" period, in which the trainee's wages would be paid by CETA stipend rather than the employer.
 3. Efforts should be made to avoid training participation merely to obtain allowances; possible approaches include a subsistence allowance based on family income and cash incentives for superior performance.
Training should be stressed rather than income maintenance.
 4. A personnel exchange system would give CETA staff experience at local, regional, and national levels, along with a national body to provide prime sponsors with technical assistance, staff development, and curriculum development. The authors hoped these efforts would improve the generally low level of management competence of the prime sponsors (although there were some conspicuous exceptions to that low level of quality).
 5. Performance standards should stress the quality of training and long-range results, rather than short-term job placement (Leviton and Mangum,

1981:221).

Taken together, these papers did suggest an emerging consensus of professional opinion on some employment training issues. CETA certainly had manifold problems that needed fixing, but there had been some successes and some valuable lessons. Training proved to be a rewarding social investment, with more intensive training showing greater returns. More effective private sector involvement was needed to guide training priorities and improve placement.

The NCEP's policy recommendations reflected many of the findings of Mangum, Taggart, and Levitan, although they were stated in terms somewhat more attuned to immediate political trends. They provided a yardstick by which to measure subsequent initiatives and compromises.

During the summer and fall of 1981, the Department of Labor worked to develop an employment training policy. While internal developments were kept secret, officials appeared in public from time to time to give hints about the direction in which their thoughts were leading. Their comments revealed the Administration's top priorities: cutting employment training funding, increasing business influence, and more tightly regulating eligibility for

program participation.

Assistant Secretary Angrisani told the American Bar Association that the private sector should take the lead in training, but it needed more economic incentives such as tax credits, training vouchers, and depreciation allowances. New CETA legislation should focus on youth, particularly minority youth, who have the highest unemployment. The school systems were not doing their jobs in basic and vocational education.

The private sector, Angrisani said, should realize that the Federal government is not going to be the "bank" for training, but make training a line item in a corporation's capital budget. Angrisani was proud that funding for ETA program would be drastically reduced. The reduced outlays for CETA and other programs were "absolutely essential" (ETR, 12:49:1414).

Hugh Davies, head of the ETA task force on CETA reauthorization, told the National Advisory Council on Vocational Education that the Department of Labor was developing "viable options" for CETA rewriting, including funneling employment training money through the states in block-grants, outlining labor market areas to replace the prime sponsor system, meshing youth programs with those for adults, and increasing involvement of the private

sector. Since its inception, CETA

suffered from the lack of clearly stated objectives ...the failure to identify who the program was to serve ...and the whipping back and forth of the system [each year].

ETA's "bottom line" priority would be the placement in unsubsidized jobs of those persons who were in dire need, and CETA's focus would be narrowed to reflect that priority (ETR, 13:2:38).

At the annual National Alliance of Business meeting, Secretary of Labor Raymond Donovan said that the Administration would be asking business to play "a major role" in a revised employment training system. Donovan contended that traditional approaches had failed to eradicate the problems of poverty and unemployment, and that the business community would play a "more significant role" than ever before in providing employment training for the disadvantaged. "We are out of the business of providing public service jobs as a substitute for a thriving, growing economy," but the Administration would seek a "partnership of the public and private sectors [to] provide real jobs with a future" (ETR, 13:5:105).

Appearing with several Congressional staffers at the National Governors' Association conference, Assistant Secretary Angrisani made it clear that the Administration

had yet to develop a firm position on the future of CETA (ETR, 13:10:213). The Administration "game plan," the mood of Congress, and the overall state of the economy would all have an influence. Out-of-school disadvantaged youth would probably be the main target of new legislation. The "bottom line" of placement must be stressed in any new program, and there was a "considerable case" for a larger role for states, Angrisani said (ETR, 13:10:213).

Shortly after Angrisani's speech, Under Secretary of Labor Malcolm Lovell gave an interview to ETR on the subject of CETA reauthorization. Lovell, in the Department of Labor's number two job, was a respected labor policy professional whose expertise the Administration needed. He was nominated at the end of August, 1981--it had taken a long time to find someone for the position.

Lovell reported that the Administration was not yet willing to say what kind of new CETA program it would like, but there should be some kind of employment training system (ETR, 13:10:226). Public responsibility for training should continue to be for those "who have fallen through the cracks."

The objective of CETA--giving people a second

chance to compete in the labor market--is not under attack. ...However ...the country lost confidence in the program, which grew too rapidly and consequently was out of control in recent years. It would be better to go back to a smaller program that would really work and then expand it (ETR, 13:10:226).

In November, the Administration floated its first trial balloon on CETA reauthorization, in a leak to the press of a "tentative" draft of the Department of Labor's preliminary fiscal year 1983 budget submission to the Office of Management and Budget. The story first appeared in The Washington Post (11/20/1981), after which the draft was apparently obtained by ETR, which quoted it more extensively than the Post story.

According to the draft, CETA would be entirely phased out in FY1983, to be replaced by a "Business-Labor Training Program" attuned to the Administration's belief that

direct Federal involvement in social and economic programs should be reduced and the private sector should be relied upon to a much greater extent to directly train and to create permanent jobs in which currently unemployed and underemployed persons can be placed (ETR, 13:13:283).

The new approach would rely on "substantially fewer operational sites" and be administered by "consortia of private sector employers and organized labor." BLT (as the program was immediately nicknamed) would receive about

\$2.2 billion in FY1983, with another \$200 million devoted to phasing out CETA training already in progress.

"Innovative designs" would be encouraged, though in ways unspecified. A specially-targeted program would provide \$200 million in services to older workers, Indians, and migrant farmworkers (ETR, 13:13:284).

Even the \$2.2 billion figure was something of a mirage--it was the figure for obligational authority; the Department of Labor was only planning to spend about half that amount. The total employment training budget for FY83 was now planned to be about \$3.4 billion, as compared to \$8 billion in FY81, and the Administration's request for \$4.5 billion in FY82 (Washington Post, 11/20/81).

While Congress prepared and introduced bills in the last months of 1981 (described in Chapter Seven), the Administration used its influence in other ways. Under Secretary Lovell appeared at the U.S. Conference of Mayors employment training conference and said that CETA had spent \$53 billion on training "with very inconclusive results" (ETR, 13:13:285). In the future, states should be free to designate the agency to receive employment training funds, instead of relying on the prime sponsor system (ETR, 13:13:285). Making this statement to the mayors' conference was bearding the lion in its den.

At the beginning of December, the preliminary Department of Labor budget request for BLT was slashed by the Office of Management and Budget from \$2.2 billion to \$1 billion. This was mostly maneuvering, to further establish the Administration's resolve and a tough bargaining position; it was not meant to be a final figure.

Later in December, another internal ETA proposal was leaked. ETA said that

CETA ought to be replaced by a private-sector-oriented program, strictly targeted to disadvantaged, out-of-school youth and welfare recipients, to be funded as part of an employment training block grant to the states. ...The goal of our proposed reform package is to raise the basic marketable skills of those young members of society who are currently, or likely to become, dependent on state/Federal government income support or welfare programs (ETR, 13:16:359).

The paper denied that a Federal training program could have a significant impact on either productivity or unemployment; the implicit goal of the program was to reduce welfare costs. The block grants would combine funding for CETA, the Employment Service, the WIN (Work Incentive) program, and vocational education, all at a reduced level.

The paper also suggested active involvement of the private sector in planning, design, and program administration, training concentrating on skill-shortage areas, a subminimum wage for youths aged 14-21, linkage between the training program and the military (in unspecified ways), and selection for training of only those with the potential of benefiting. States would be encouraged to run the programs on the basis of labor market areas rather than political jurisdictions (ETR, 13:16:360).

At the end of December, the White House agreed to restore the BLT budget request to \$2.4 billion for FY83. This could have been the first step back from their extreme bargaining position, but it could also have reflected internal maneuvering on budget figures between the Department of Labor and OMB, with no policy significance.

Throughout its first year in office, the Reagan Administration took an essentially adversarial role in the formulation of employment training policy. It knew Congress was working on new employment training legislation to replace CETA. Rather than developing its own comprehensive legislation, the Administration chose to act as a pressure group to influence the Congressional

bill-making; the process they used illustrates many of the tactics an Administration can use to get its way.

The President and high Department of Labor officials used a variety of public forums to try to define the issues in a context that favored their outlooks. At the same time, they established a "tough" bargaining stance with Congress, aggressively attacking the existence of employment training programs. Their strategy was politics-driven, ordered with a view to later trade-offs and compromises, rather than policy-driven, or designed to accomplish a specific policy goal. Thus, the policy goals of the Administration could be kept rather vague, and we cannot be sure that they truly wanted everything they said they did; some of their announced goals could have been no more than bargaining chips.

It is clear that the majority of prominent employment training policy researchers disagreed with the Reagan Administration philosophy of budget-slashing, in which employment training programs would proportionately be cut the most. This should not be surprising, since the Reagan Administration wanted less Federal effort in employment training, and those who were professionally committed to developing employment training policies were not likely to agree that they could devise no better plan than inaction.

The fundamentalist free-market views often expounded by the Reagan Administration precluded the need for an active employment training policy; if market imperfections must be admitted, the less intervention the better.

It should also be no surprise that the Reagan Administration would tend to distrust the employment training policy research establishment. After all, the establishment was both tightly interlocked and identified with Democratic policy. For example, Sam Levitan has written a whole series of books defending interventionist Federal social policies in general and the war on poverty programs in particular. Levitan and Mangum wrote a book together on the training element in CETA. Mangum and Taggart wrote articles together, and Taggart, a former Carter Administration ETA official, joined with Carter's Labor Secretary Ray Marshall in the National Council on Employment Policy, which was formed specifically to oppose Reagan-inspired cuts in employment training programs.

A revealing clash between Administration officials and members of the employment training research establishment took place at the 1981 convention of the Industrial Relations Research Association, where Don Moran, Associate Director for Human Resources at the OMB, and Robert Guttman, of the Senate Republican staff,

appeared on a panel with several employment training researchers.

Moran clashed with Sar Levitan and Howard Rosen, an American University professor and former director of the ETA Office of Policy, Research and Development, in an acrimonious debate over the role of employment training programs in economic recovery. Moran said that "only large scale solutions" for healing the economy could help the employment situation (ETR, 13:17:395). By this he meant the Reagan supply-side budget. He conceded that "employment training programs have been helpful," but emphasized that they have been "overfunded" (ETR, 13:17:395).

Vernon Briggs of Cornell (an employment policy researcher and co-author with Ray Marshall) disagreed with Guttman about the record of public service employment as an effective tool for creating jobs, providing public services, and raising participant incomes. Briggs defended public service employment and claimed that it proved to be faster, more targeted, and cheaper than a tax cut, the job-creation device favored by the Reagan Administration. In reply, Robert Guttman showed little concern for the record of public service employment. Even if public service employment had been effective, he said,

"it is dead politically" (ETR, 13:17:396).

Congress was not spared the criticism of the researchers, either. Nathaniel Semple, formerly a Democratic Congressional staffer and currently with the Committee for Economic Development, doubted that Congress was capable of coming up with a "reasonable" employment training system (ETR, 13:17:396). In the ten years he spent in Congress, the political process made it impossible for an effective employment training policy to be developed, much less implemented. Even putting aside policy differences, so many Congressional committees are involved in the legislative process that coordination is impossible. A comprehensive employment training program would require the coordination of education, labor, trade, and tax policies, and the various groups involved had not shown an interest in coming together on a common ground to make coordination possible (ETR, 13:17:396). Himself a former member of the employment training subgovernment, Semple doubted that competing subgovernments would willingly cooperate or yield their power.

As the Reagan budget was enacted and the outlook for employment training programs became dimmer, some concerned professionals attempted to organize a policy counter-offensive. A private group called the National

Council on Employment Policy (not to be confused with the National Commission for Employment Policy, which I have previously referred to as the NCEP) took action to publicize the type of employment training policy they favored. The National Council had been in existence since 1964, when it was organized by Garth Mangum under the name President's Committee on Manpower. The National Council's opening volley was a report entitled "Management of Remedial Employment and Training Programs in the 1980s" (1981).

The Council's point of view was straightforward: the most prudent approach to employment and training programs in the 1980s would be "incremental reform of the existing system" (ETR, 13:20:487). The Council saw no need to alter the "basic structure" of CETA, but new legislation should "delineate the roles and relationships of the players and the parameters of their managerial responsibilities. That does not preclude changing the service mix or eligibility criteria" (ETR, 13:20:487).

According to the Council, it was a mistaken belief that CETA had failed; research indicated "that almost all of the major CETA components have been a good investment for society, and they have returned benefits well in excess of costs." Lack of public confidence in CETA was

caused by such factors as fraud and abuse incidents and the taxpayers' lack of interest in aiding the disadvantaged when the economic pie was shrinking. The solution was to improve the current system, not to start over.

The Council felt that the private sector held no panacea for the structurally unemployed. Turning employment training programs over to the private sector would be "an act of faith not based on any actual track record of positive performance on behalf of the typical CETA participant" (ETR, 13:20:487). Also, "the evidence suggests that private industry councils cannot replace prime sponsors as the managers of local programs," and private industry councils have tended to serve fewer "hardcore disadvantaged" than prime sponsor programs.

European-style labor market training boards have been suggested as a policy innovation, but they would have several disadvantages in the United States. Funded by public funds or taxes on payrolls, the European boards were responsible for integrating the schools systems and employers, mainly through their control of apprenticeship positions. United States school systems are not structured to serve the training system, and United States business is not used to participation in formal programs

and is not interested in financing the system through special employment taxes (ETR, 13:20:488).

As opposed to the Administration's hope that state governors might somehow find a way to run the system better, the authors pointed out that "in truth, during the brief eight-year history of CETA, the balance-of-state systems and state employment training councils [run by the states] ...have been the weakest links in the system" (ETR, 13:20:488).

The Council recommended the following management changes in the CETA system:

1. There should be fewer but larger prime sponsors, with one advisory committee each.
2. The Federal government should continue to have a strong say in the allocation of funds. While governors might be given more discretionary powers over a portion of the funding, Federal law should mandate that a major proportion be directly allocated to the local level. National programs should be retained.

3. Stability should be increased through multi-year funding, and incentives should be provided for good long-range planning.
4. Performance standards emphasizing immediate placement and positive termination rate are "misleading and counterproductive" because they favor short-term low-cost programs such as work experience, and ignore the long-term gains of costlier training programs. "Greater emphasis should be placed on the long-term results if the program payoff is to be increased" (ETR, 13:20:488).
5. Annual funding of at least \$4 billion per year would be necessary to keep the system operating efficiently.
6. There should be a two-tiered training system such as Mangum and Taggart suggested, consisting of short-term remedial and entry-level training with supportive services, and extended career training, which yields higher social benefit-cost returns.
7. Separate funding should be provided for programs for disadvantaged and minority youth, as suggested by the NCEP in 1980 (ETR, 13:20:488).

In summary, the policy research establishment, active supporters of the employment training policy subgovernment, disagreed with the Administration on many points. Most policy researchers allied themselves with the subgovernment in its effort to counteract the influence of the outsiders in the new Administration. At the same time, the Administration was a major partner in the only game in town; without Federal programs, employment training researchers would be severely underemployed. Their interest lay in getting Congress to keep some kind of program going, even if it was not the ideal program.

Next, we shall turn to the attempts of other interested parties--state and local government associations, employment training service providers, business and labor--to influence the Congressional bill-writing process.

CHAPTER 6

INFLUENCING THE FORMAL AGENDA--INTEREST GROUP INPUTS

"Experience hath shown, that even under the best forms [of government] those entrusted with power have, in time, and by slow operation, perverted it to tyranny. ...The most effectual means of preventing this would be, to illuminate, as far as practicable, the minds of the people at large, and more especially to give them knowledge of those facts, which history exhibiteth, that ...they may be enabled to know ambition under all its shapes and prompt to exert their natural powers to defeat its purposes."

--Thomas Jefferson, A Bill for the More General Diffusion of Knowledge, 1799

When developing major legislative initiatives, Congress generally follows a standard operating procedure. First, the committees or subcommittees of the relevant subgovernment hold a series of hearings, at which interested parties testify in favor of the policies they wish to see enacted, or in opposition to those policies that they do not wish to be implemented. After members have introduced bills, the subcommittee "marks up," or

revises, the bill that will receive concentrated attention. A bill that passes the subcommittee will be considered by the full committee, and, if it passes the full committee, the entire House or Senate. Differences in House and Senate versions of bills are settled by a conference committee of Representatives and Senators, usually members of the original subgovernment committees.

Congressional hearings have several functions. They often serve an information-gathering purpose, building a factual record to support policy. They provide a formal way for interested parties to present their views to Congress. They are used to present trial balloons, in order to test interest group reactions and effectively establish the limits within which bargaining can take place. Thus, committee hearings serve as scanning units, formally keeping the Congress in touch with its environment (Etzioni, 1968:282-305).

Committee hearings also serve more subtle political purposes. Chairpersons often use hearings to build a case for their points of view on issues, establishing a legislative history favorably weighted towards their side. On the other hand, groups whose views will not prevail are sometimes invited to address hearings in order to assure them that at least they had their day in court, and that

their views were carefully considered. If a Congressman can't satisfy an interest group, he can at least give it the symbolic reward of expressing its views in public (Cobb and Elder, 1983:124-9). Finally, hearings are used to generate publicity for committee members, and are often held in the home districts of the chairpersons.

In the struggle to influence the governmental agenda (in this case, the drafting of a CETA replacement bill), there may be many methods of communicating with Congress other than testifying at hearings. During JTPA development, interest groups held conferences, adopted policy statements, sponsored research reports, wrote letters, and personally lobbied Congressmen. Of course, not all communications with Congressmen are public. As sources for this chapter, I have examined the record of all Congressional hearings having to do with developing legislation to replace CETA, as well as all references to employment training policy in the Congressional Record, the Washington Post, New York Times, Los Angeles Times, and Employment Training Reporter. I will consider policy inputs according to their sponsors: first the business community, then state and local governments, and, finally, community-based organizations, principally outreach agencies and representatives of client groups.

Business

As in most subgovernments, the broad interest groups affected by employment training policy were represented in policy development by a few leading organizations, trade associations, interest group-sponsored policy committees, and think tanks. While many business representatives testified before Congress, made statements in the press, or otherwise voiced their views, the essence of business views was expressed by the more extensive work of the three organizations I will discuss here: the National Alliance of Business (NAB), the United States Chamber of Commerce, and the Council for Economic Development. The plans offered by those three groups were the most detailed made by any business group, and showed the greatest attention to the development of Federal policy. The NAB and the Chamber of Commerce would also be active participants in the legislative struggle after bills were introduced in Congress, and their prior positions deserve study. (The Council for Economic Development did not play an active role in legislative maneuvering, since such a role would be contrary to its character as a think tank and consensus-creating group linking corporations and academia.)

The National Alliance of Business was formed in 1968 specifically to manage much of the business community's participation in Federally-funded employment training activities. The U.S. Chamber of Commerce is business' largest trade association. The Council for Economic Development is a business-sponsored, non-profit research and education organization whose trustees are drawn from corporate and university boards.

The President of the National Alliance of Business during 1980-1982 was William Kolberg. Kolberg had been a professional bureaucrat, and he served as Assistant Secretary of Labor in charge of employment training policy during the Nixon Administration. Kolberg's book on his experiences in Government is an interesting insider's account of the day-to-day trials of developing legislation (Kolberg, 1978).

Shortly after the 1980 election, Kolberg appeared at a conference sponsored by the National Association of Counties to outline his views on the future of employment training policy. His main point was that the private sector should have more control over Federally-funded programs. Although he stressed that private business did not want to take over the CETA system, Kolberg advocated the creation of public corporations to run all labor

market programs, including CETA, the Employment Service, and apprenticeship programs. These public corporations "should be removed from governmental and political influence and run by boards composed of management and labor" (ETR, 12:13:339).

ETR reported a few weeks later that Kolberg's proposal to establish public non-profit corporations to run the education and training system had "sparked considerable interest among employment training professionals" (ETR, 12:24:697). Kolberg told ETR that he in fact had no specific proposal, but he hoped to stimulate the revision of some of the basic assumptions about U.S. employment training policy. He particularly wanted to emphasize the need to coordinate the efforts of CETA and the Employment Service and to increase the involvement of the private sector. Also, a system with 475 prime sponsors was "too unwieldy" and should be realigned according to labor market areas instead of political jurisdictions.

Substituting some other unit for the CETA prime sponsors would remove some of the "political tampering" from the system, Kolberg believed, but some political problems were probably the "price of democracy." Congress had contributed to the problems of employment training

policy by refusing to fund the programs for more than one year at a time. The problems between the Employment Service and CETA were exacerbated by the fact that separate Congressional committees handle the two systems. Therefore, change must be stimulated by the executive branch (ETR, 12:24:698).

Kolberg's remarks contained the germs of several proposals to be discussed in greater detail later. Perhaps most important, his view that the Federal government had a responsibility to continue employment training programs was never opposed by important business groups, despite the Administration's initial leanings against any Federal involvement. Although Kolberg's proposal to turn program authority over to labor-management consortia was subject to several different interpretations during 1981, it anticipated the Administration's "Business-Labor Training Program" proposal late in 1981. Finally, Kolberg's insistence on increased involvement of the private sector became the Administration's chief priority for employment training policy (after budget-cutting).

Under Kolberg's direction, the NAB held a series of nine regional policy seminars during the summer of 1981, in which it attempted to educate its members on

developments in employment training policy, while forming a common approach to new legislation. In the end, participants agreed that structural unemployment was too big a job for either the private sector or the government to handle alone, but that they would like to see responsibility for running employment training programs in the new CETA turned over to local public-private corporations rather than to government. As a training strategy, the NAB participants' first choice was occupational skill training directly tied to an employer and, preferably, to specific jobs (ETR, 12:6:128).

The U.S. Chamber of Commerce monitored employment training policy developments through its Education, Employment, and Training Committee. In Senate hearings on the issue during June, 1981, the Chamber's chief concern was the need for training and re-training in highly skilled occupations. The government should not neglect the displaced worker:

to neglect the citizen who has worked for a number of years, but who is now displaced due to technological change, in favor of the person who has never carried his share of society's coata--for whatever reasons--may be unwise (U.S. Congress, 1981b:168).

In response to other testimony, the Chamber expressed its skepticism about the usefulness of tax incentives. So far tax credits had not been substantial enough to stimulate hiring by small businesses, particularly when weighing the burden of extra Federal red tape and possible audits. Also, businesses must make substantial profits to benefit from tax breaks (this was before the tax law changes that let businesses sell their tax losses to more profitable companies) (U.S. Congress, 1981b:148-180).

By the end of 1981, the Chamber had developed a considerably more complex policy statement on employment training matters. The Chamber's statement called for a national employment training policy that would respond to actual and future skill needs and shortages, retrain workers who had been displaced, and provide the structurally unemployed with skills. This would "increase productivity, raise living standards, and improve the quality of life for all" (ETR, 13:20:488).

The Chamber said that business wanted input into employment training program planning, but that it was not interested in running the whole show. The private sector should determine the kind of training to be offered, but not necessarily operate or administer the training program. Training should be for employment in the private

sector, not in the public sector. Programs "should not be used as a form of income maintenance or as an instrument of fiscal relief for state and local governments."

According to the Chamber's statement, the Federal government should confine its activities (except for funding, presumably) to five areas:

1. Creating a positive atmosphere by developing public policy options which would encourage private sector growth and job creation, especially in small business. What these options would be was not stated.
2. Improving the educational system, so that people will be better prepared for work.
3. Supplying labor market information.
4. Helping educators and employers retrain workers whose skills are obsolete.
5. Focusing government placement services on those who are drawing income maintenance and services from government-funded assistance programs.

The Chamber also endorsed the idea of block grants to states. Finally, it urged that service deliverers should be chosen competitively (ETR, 13:20:488).

The Chamber's three top employment training priorities--training to meet skill shortages, retraining and reemployment of displaced workers, and training and employment of the structurally-unemployed--were essentially the same as those of the National Commission for Employment Policy. However, the emphasis of the testimony of the Chamber, as well as the majority of other business groups, was on skill training much more than helping the disadvantaged. To cite one other example, the director of the National Tooling and Machining Association reminded the Senate Subcommittee that the Defense Industrial Base Panel of the House Armed Forces Committee had identified the "critical manpower shortage" as one of "the major factors for the decline of U. S. military preparedness" (U.S. Congress, 1981b:255). Increased skill training was therefore necessary to insure national survival.

The targeting and reporting requirements of CETA, designed to help the disadvantaged, were frequently attacked by business groups. For example, a representative of the Associated General Contractors of America, Robert Fay, said that in the experience of construction employers "CETA seems to have incorporated so many poverty-oriented prerequisites to participation that the program is almost useless as a training vehicle" (U.S.

Congress, 1981b:192).

Business support for specific programs serving the disadvantaged was generally confined to two groups, each with ties beyond the business community itself. The Committee for Economic Development presented testimony supporting programs for the hardcore unemployed, and listed some key conditions for successful participation of business in programs to help the disadvantaged:

1. Major and sustained personal involvement of top business leadership.
2. Major emphasis on involving small business firms as well as large ones.
3. Enough flexibility to allow a wide variety of organizational arrangements from place to place.
4. Specialized intermediate organizations to help firms with specific problems, such as job placements, Federal red tape, counseling, or supportive services (U.S. Congress, 1981b:135-148).

The Committee for Economic Development, usually represented by its vice president, Nat Semple, was active throughout the reauthorization process. Before joining the Committee for Economic Development, Semple had spent

ten years as a minority staff member of the House Committee on Education and Labor. This experience had left him with a somewhat jaded view of the possibilities for improving employment training policy. In March, 1981, he told the National Association of Counties (NACO) conference that the strongest thing CETA had going for it was that "no one has thought of an alternative." It was up to the supporters of CETA to focus attention on "the role of employment training in overall economic policy," since the Administration had so far ignored the issue (ETR, 12:27:772).

By the Fall of 1981, Semple was advising Congress (at House hearings) not to try for a comprehensive approach to employment training policy. There were too many practical obstacles in the way of a comprehensive approach, Semple said, since such a bill would be "approximately 300 pages long, involve six different committees, twelve different subcommittees, and a lot of ruffled feelings" (U.S. Congress, 1982a:12). It was more important to forestall imminent disaster to CETA with a short-term salvage operation.

Semple believed that business should have a major role in any new plan, establishing policy that would be carried out by "the professionals we have in the field

now." He also advocated transferring the responsibility for program operation away from local elected officials, although he believed "they must have a critical working relationship with any new institutional arrangement" (U.S. Congress, 1982a:6-13).

The second major group to support more programs for the disadvantaged was the National Association of Private Industry Councils. This group crosses the boundary between business and CETA participants, since it was composed primarily of business representatives who were already active in CETA, serving on Private Industry Councils (PICs) under the CETA Private Sector Initiative Program. PICs were well represented at hearings, both by members of the National Association and individual PIC members.

Since PIC members had already been involved in the nuts and bolts of CETA, their comments tended to address more specific issues of CETA policy. Many were concerned that the roles of the private and public sectors be more clearly defined. For example, the chairman of the Cincinnati PIC reminded the House Government Operations Subcommittee on Manpower and Housing that the disadvantaged population of the United States faced multiple barriers to employment "which private employers

cannot remove as part of the profit-making process." The public sector must supply basic educational and work skills. The major objective of CETA should not be placement, but rather economic independence, long-term employment, and mobility within the system (U.S. Congress, 1981a:202-211). This statement was an opening salvo in the battle over specifying performance standards for training programs, about which more will be presented later. The point here was that measuring the effectiveness of training programs simply by placement figures was not a good practice.

PIC members also showed considerable interest in changing the boundaries of local service areas (the prime sponsors under CETA) to encompass a "natural labor market area" (U.S. Congress, 1981a:212-223). This proposal will also emerge later as a major controversy.

To summarize, the principal objectives of the business community were:

1. A continued Federal role in employment training programs.
2. More business influence over the programs (though not full responsibility).

3. Greater attention to skill training, to avoid future skill shortages.
4. Less targeting on the disadvantaged, or at least a considerable simplification of targeting and reporting requirements.
5. Changes in the geographic boundaries of the present system, in order to emphasize services within natural labor market areas.

Far from advocating the total destruction of CETA, or even radical revisions in the employment training system, business groups suggested basically incremental changes in existing policies. During the development of bills in the subcommittees of the House and Senate, the business associations functioned as full members of the subgovernment, operating in the distributional policy mode. More money for skill training meant replacing private business expenditure with Federal funding, a distributional measure giving more to business and less to the disadvantaged. To anticipate the course of our narrative, business would not split with the rest of the employment training subgovernment until the Administration used "issue expansion" tactics, invoking a higher-order value than that of the subgovernment, in this case the

commitment to massive cuts in social spending. Only then did business associations join the Administration to help emasculate the very legislation they had, with considerable success, helped to fashion.

Community-based Organizations

The term "community-based organizations" is a bit of CETA jargon, a general and inclusive term referring mainly to non-profit groups who either operated employment training programs with CETA funding or represented persons who were served by CETA. Many client advocacy groups received CETA training contracts, either directly from the Department of Labor under the National Programs (Title III) or from local prime sponsors. These groups generally supported minimal changes in the structure of CETA, and they strongly endorsed increased funding. A few examples will give the flavor of their views.

The Indian and Native American CETA Coalition met with the Department of Labor to protest proposed cuts in public service employment, claiming such cuts "would cripple many tribal government services as well as throw thousands of Indians out of work in areas where there are simply no other job opportunities available" (ETR, 12:25:726). Because of their extremely high unemployment

rates, Indian reservations had received a relatively large share of public service employment funding. This was an example of employment training funds used primarily as a substitute for unemployment insurance and welfare.

At Congressional hearings, the National Urban Indian Council defended national target programs for migrants and Indians, citing the special needs of Indians and appealing to the long tradition of Federally-sponsored Indian programs. Staff from the National Association of Farmworker Organizations pointed out that the nature of the migrant lifestyle precluded migrant workers from being served by programs structured at the local level (U.S. Congress, 1981b:900-920). Therefore, the national program title, and specifically the contract of the National Association of Farmworker Organizations, should be continued.

A spokeswoman for Wider Opportunities for Women and the Women's Equity Action League cited the growing trend toward the "feminization of poverty" and called for targeting the structurally unemployed, stricter monitoring and enforcement of targeting requirements, and evaluation and replication of demonstration projects (U.S. Congress, 1981b:859-880). Included in the parade of organizations seeking more funding for their clients, the American

Legion recommended that more CETA funds be targeted to veterans and transferred from CETA to the Veterans Employment Service (U.S. Congress, 1981b:921-941).

An AFL-CIO spokesman agreed that national targeting was needed (the AFL-CIO was the recipient of national program contracts), and recommended greater linkage between Private Industry Councils (PICs) and prime sponsors, with PIC representation expanded to include more labor, education, and community-based organization input (U.S. Congress, 1981b:790-816). This theme was also supported by spokesmen for the National Urban Coalition and SER--Jobs for Progress, a Hispanic employment training group.

SER--Jobs for Progress later expanded on their testimony in a policy paper on the proper redesign of CETA. The paper was submitted to Congress. According to SER, Federal employment training programs should continue their emphasis on reaching the disadvantaged, but the current prime sponsor system should be replaced by labor market area systems defined by the states. This was needed because prime sponsors had failed to link employment training services to labor market needs. The "management capability of the local delivery system would be enhanced if the system was not so directly tied to the

political environment" (U.S. Congress, 1981b:836-846).

Efforts to loosen ties to the political structure were in effect efforts for greater redistributive emphasis.

States would thus become more important under the SER proposal. Governors would designate new service delivery areas, according to labor market area criteria. To decide on the proper areas, the governor would take into account 1) existing consortia of prime sponsors that serve labor market areas; 2) representation of business groups, community-based organizations, and labor organizations in areas seeking designation as a labor market area; 3) the past performance record of prime sponsors applying for designation as labor market areas. States would have increased but not complete control over funding, a position falling between then current rules and those reportedly being developed in the Senate.

The new program suggested by SER would have three parts. Part one would cover employment training services for adults, and Labor Market Planning Boards would receive 75 per cent of all Federal funds direct from the Department of Labor, with up to 25 per cent of funds allocated to the state governor. Part two would serve youth and single parents, and all that funding would go to the states, to be spent by them or allocated to local

areas. Part three would cover national programs and would be identical to the provisions of CETA (U.S. Congress, 1981b:836-846). Community-based organizations wanted to save the national contracts, which were the most redistributive elements of CETA, since they were targeted on the poorest groups, were relatively independent of local political influence, and offered some direct representation of the client groups in the design and administration of programs. Of course, administration and overhead payments in national contracts also benefited the community-based organizations that administered the contracts.

State and Local Governments

Most CETA money passed through the hands of state and local governments; consequently, they had a substantial stake in the evolution of employment training policy, and they were extremely active in their attempts to influence legislation. Their point of view, in terms of our policy making model, was strictly distributional; that is, oriented toward dividing the Federal spoils among local governmental units. This section will discuss the positions on CETA reauthorization developed by the main state and local government associations. As the time for the introduction of legislation got closer, the

associations hammered out their own positions with a sense of give-and-take, balancing what they really wanted against what they thought they could get, given the political climate.

Besides testifying before committees of Congress, the state and local government associations played an extremely important role in the reauthorization process; a great deal of the CETA reauthorization debate was sponsored by these organizations. It was at the meetings of the National Governors' Association, the National Association of Counties, and the National League of Cities, that Senators, Congressional staffers, and policy professionals appeared to give their views and listen to the views of others. The associations provided a forum for debate. The part played by the government associations in CETA reauthorization provides a good illustration of the importance of trade associations in policy making.

In the discussion of state, county, and local government inputs to CETA reauthorization, there is one overriding point to remember. Each association thought that CETA should be continued in some form, and each association believed that its constituent members were the best equipped to administer any new employment training

program; they were united to gain more resources overall, but divided in a turf battle to control those resources.

Speculation about the future of CETA began immediately after the election of 1980. At the December, 1980 National Association of Counties (NACO) meeting, speaker after speaker agreed that a new era was at hand. Public service employment was surely dead, and there seemed to be an inevitable trend toward reducing the role of the public sector and increasing the role of the private sector in employment training programs.

One of the most prominent representatives of CETA administrators was Marion Pines, director of the Baltimore CETA consortium. At the NACO meeting, she stressed the need to attack the enterprise zone concept of the Reagan Administration. In her view, the outlook was not all bad; much of CETA might be salvaged if planners could "rephrase what we do to make it sound more palatable" to the Reagan Administration (ETR, 12:13:339-40).

NACO was ready to accept major changes in CETA. By March, both the NACO Steering Committee on Employment and the National Association of County Employment and Training Administrators Committee on the Future of CETA (a subsidiary body of NACO) adopted resolutions recommending consolidating all CETA titles into one block grant, and

giving local governments much more flexibility in administering those grants (ETR, 13:12:773).

NACO presented a more comprehensive set of recommendations for employment training policy in August, 1981. In the usual pattern, these recommendations were circulated among the employment training subgovernment. NACO's key policy position on CETA was that an "institutional role of sustained direction and duration should be developed." The key to NACO's recommendations was forward funding, or a two-year appropriations minimum, to allow sensible planning. The future objectives of CETA should be three-fold: first, it should stress training for the structurally unemployed. Second, it should assist industry in gaining skilled workers. Third, it should fill the job deficit when the normal interaction of private industry fails to produce an adequate number of jobs. (ETR, 12:48:1342).

Thus, NACO supported both the skill and welfare functions of employment training programs. By this time, NACO had turned away from the block grant idea (chiefly because the Administration wanted to give block grants to states rather than cities and counties), and it defended the current prime sponsor system, saying that it provided for greater accountability, responsiveness, and capacity

for resource mobilization (ETR, 12:50:1431). Although it might be desirable in some instances to define service areas that corresponded to labor market area boundaries, a consortium approach should be encouraged and not mandated. Labor market area approaches were especially unpopular with suburban area prime sponsors (typically areas with relatively low unemployment), who did not wish to be consolidated with inner-city prime sponsors.

The greatest change in CETA should be to simplify its structure and requirements, according to NACO. All currently mandated programs should be consolidated into a single title (except for national programs). The basic CETA title would have three "tiers." The first tier would cover basic training services, with no restrictions on the mix of services that could be offered. The second tier would serve youths aged 14 to 21, with prime sponsors again unrestricted in their choice of program activities. Third tier "high impact" funding would go to areas of high and sustained unemployment, and could be used to fund activities under tiers one or two (ETR, 12:50:1431).

NACO advocated simplified uniform eligibility standards for participation. Private sector participation should be increased by raising the allowable reimbursement to employers for on-the-job training from 50 per cent to

100 per cent of salaries, and by providing 90 day "try out" periods for individuals receiving public funds. In addition, each prime sponsor should have one unified advisory council, like the private industry council, rather than three, as was the case under CETA.

In sum, the new CETA should be characterized by:

1. Prime sponsorship as defined in previous CETA legislation.
2. Flexibility to choose locally among allowable services, with no presumptive deliverers of services (in CETA, some service deliverers were earmarked in Federal legislation).
3. Streamlined requirements, emphasizing performance rather than process.
4. Reduced paperwork and Federal regulations.
5. Maximum consolidation of existing CETA titles (ETR, 12:50:1432).

Besides the National Association of Counties, the chief voices for localism and the current prime sponsor system were the U.S. Council of Mayors (USCM) and the National League of Cities (NLC). Each sent a

representative to Senate Subcommittee hearings, during which their prime concerns were the method of funding and the definition of service areas. David Harrell, representing the National League of Cities (NLC), said they would support a block grant concept only if local officials controlled the money. "Cities came to Washington in the first place because their states were unwilling or unable to address their problems," Harrell said (U.S. Congress, 1981b:342).

Baltimore's Mayor William Schaefer said the USCM position was to enhance the present employment training system by encouraging local labor market areas to work together, thus avoiding "duplicative administrative structures tripping over each other in many areas" (U.S. Congress, 1981b:365-367). NLC and USCM's positions were in basic opposition to those of the National Governor's Association, whose representative at the hearings endorsed the labor market area plan and recommended that states should administer employment training funds under a system of block grants to the states, since "coordination can only take place at the state level, and only then with leadership from the governor's office" (U.S. Congress, 1981b:365-367). The National Governors' Association (NGA) position will be examined in more detail below.

As 1981 wore on, the USCM and NLC became more and more opposed to the drift of Republican Congressional developments in employment training policy.

Undersecretary of Labor Lovell appeared at the USCM employment training conference at the end of November and used the occasion to blast CETA's record. After calling in television coverage, he claimed (as had Secretary Donovan, both inaccurately) that CETA had spent \$53 billion on training "with very inconclusive results." He said states should be free to designate the agency to receive employment training funds, instead of relying on the prime sponsor system (ETR, 13:13:285).

In reply, Joan Bannon, a USCM staffer, said that the USCM was apprehensive about state control because state governments were ignoring the restrictions that existed on block grants in other Federal programs. For example, under the Law Enforcement Assistance Administration, states took a large cut for administrative expenses, bought expensive equipment for use at the state level, and distributed what was left to localities through regional organizations that took another cut for administration (ETR, 13:13:286).

A series of USCM workshops, primarily composed of local CETA practitioners, produced the following principal recommendations on CETA reauthorization:

1. Prime sponsors should remain the grant recipients. They should coordinate their planning with other agencies, but there should be no super agency over CETA, the Employment Service, and vocational education.
2. The current funding formula should be retained.
3. There should be no special setasides (reserved funds) at the Federal level for community-based organizations, or specification of required subcontractors from community-based organizations or labor organizations.
4. There should be one advisory council per prime sponsor, advisory in nature only, and concerned with planning, program design, and evaluation, not operations or administration.
5. Performance standards should be mandated by legislation, but not specifically defined in legislation. Poor performance shouldn't be punished with cuts, but there should be incentives for good performance. Performance standards should emphasize

long-term gains, and separate standards were needed for youth programs.

6. Wages and allowances should be continued (ETR, 13:13:287).

Shortly after the USCM meeting, the National League of Cities (NLC) adopted its own similar policy, again very different from the emerging Administration scenario. The NLC denounced state-operated programs, since local governments now had ten years of experience in employment training programs. "They know what works [and] what doesn't work [and] such experience cannot be discarded" (ETR, 13:13:314). Funding should be on a multi-year basis to improve planning, coordination, and stability.

To further strengthen the system, the NLC said that prime sponsors must have "maximum flexibility" in program design. Enrollment should be simplified and permissible activities very broad. The private sector and labor should be brought in on planning and operating programs, through such incentives as wage subsidies, tax credits, and allowance payments, but the private sector should not be allowed program control. Categorical programs should be "re-consolidated into a separate basic grant"

addressing adult and youth unemployment as unique problems (ETR, 13:13:314).

Aaside from the government associations, many individual prime sponsors sent representatives to testify at Congressional hearings, especially those held in the field. The point on which they all agreed was that the prime sponsor system did not need drastic overhaul, and that CETA's problems were basically management problems that they could solve if Congress or the Department of Labor would make the necessary changes. Several prime sponsors pointed out that they were being pressured by the Department of Labor to achieve higher placement rates in unsubsidized employment while serving more disadvantaged clients during a worsening recession. This resulted in choosing shorter training programs and "creaming" the best-qualified applicants for services. As Michael Wilt of the Lycoming-Clinton County CETA program put it, "as prime sponsors are mandated to have higher entered employment rates, it is obvious who will be cut from services: those who are the least job-ready and therefore most in need of service" (U.S. Congress, 1981b:760-771).

If the local government organizations were increasing the volume of their protests, the National Governors' Association (NGA) was rather pleased by the direction of

policy development. They prepared a position paper designed to increase their influence over employment training programs within the context of Republican rhetoric.

Responding to Assistant Secretary Angriaani's request for comments on CETA reauthorization (made in an interview), the NGA made public a letter to Angrisani giving its own positions. The NGA insisted that employment training policy must recognize three facts of life in the employment training system: first, the employer--not government--is the prime mover in the "natural labor market function." Second, most of the educational preparation for work occurs in the school systems. Third, most occupation-specific training takes place at the workplace.

According to NGA, all of these facts pointed to the states as the most logical institutions for improving employment training delivery mechanisms, since it is the states who "define the education system, the criminal justice system, income maintenance programs, unemployment insurance programs, economic development activities and others with whom coordination is sought." The Federal government should "focus its attention on who should be served and general outcome goals," and leave management

decisions to the states (ETR, 12:48:1382-4).

Three groups needed employment training aid the most: first, individuals entering or re-entering the labor force who lacked the ability to obtain, hold, or progress in a job; second, workers dislocated by Federal policy decisions, or whose skills did not match the jobs being created by Federal policy decisions in areas such as defense and energy; and third, those who suffered artificial barriers to participation in the labor force. Here, NGA adopted the NCEP's analysis, though in more vague terms.

The Federal government's role in employment training should be to ensure access to employment training opportunities (apparently a phrase meaning to provide money), while removing hindrances to flexible state management. Extensive reporting requirements and performance contracting should be stopped. There should not be an undue emphasis on cost per placement, since this leads to a stress on mere placement rather than providing jobs with a future. Wage level improvement and competency achievement would probably be better performance standards for programs. Youth programs should be separated from adult programs, because outcome measures for youth programs must be different, and in youth programs a close

link with the school system is essential (ETR,
12:48:1382-4).

According to NGA, apprenticeship programs should be encouraged. They set a good example of cooperation and the definition of responsibilities between employee and employer. In fact, CETA had had little to do with apprenticeship programs, other than providing some funds for pre-apprenticeship training through national contracts to labor unions.

Program performance could be boosted by three new techniques: first, private sector work experience for youth as a method for career exploration. Second, a sliding reimbursement scale for on-the-job training, starting at 100 per cent of salary and declining over time. The current 50 per cent limit on reimbursement was thought to be insufficiently attractive to business. Finally, lowered participant stipends (below the minimum wage), which would stimulate employer demand. Since all three of these measures constitute subsidies or incentives to employers, the NGA was adopting a purely distributive approach.

Further, Federal legislation should not be used to define labor market areas; this should be left to the states. The Federal government should also not mandate which community-based organizations or service-delivery organizations should participate in employment training programs. The private sector must be given a "sense of ownership" in the employment training system, but should not have to operate any programs unless it wished to do so; this would be the responsibility of the states, with some private industry oversight (ETR, 12:48:1382-4).

As legislation was being shaped for introduction in the Fall of 1981, the NGA developed a new, more detailed plan for CETA reauthorization. Officially, the statement was issued in response to the Department of Labor's invitation for comments on a new employment training policy.*

The fundamental position of the NGA statement was that the main function of all levels of government in employment training programs and policy should be that of a broker, but that states should play the pivotal role in

*Incidentally, it was quite unusual for the Department of Labor to ask for comments on a new policy without having produced a draft policy itself.

organizing government employment training services. The NGA assigned to each level of government its proper role in the provision of employment training services.

According to NGA, the Federal government should perform seven principal functions in employment training:

1. Employment impact analysis of all Federally-proposed legislative or regulatory actions.
2. Setting health and safety standards, wage standards, alien certification standards, and guaranteeing equal access to training and job opportunities.
3. Providing job creation stimulus when the natural labor market is inadequate (presumably using fiscal and monetary policies).
4. Providing income support when necessary.
5. Administering national programs for migrants, refugees, and Indians.
6. Funding research, development, evaluation, and dissemination of employment and labor information.
7. Utilizing the Federal tax system to encourage the expansion of job opportunities.

In NGA's view, only the state Governor had the capacity to coordinate the allocation and delivery of all services directed at the development and mainenance of a skilled work force. The state should:

1. Have the responsibility for developing a strategy for targeting Federal and state resources to at-risk populations, economically distressed areas, and high-demand industries and occupations.
2. Be responsible for setting performance standards regarding the outcomes of education and training programs.
3. Work to expand apprenticeship opportunities.
4. "Organize the administration of an employment training system through negotiating sub-state compacts." This could be done following principles established by the Federal government, however. The states would interpose themselves between the Federal government and the localities, and have at least some power to determine service areas.
5. Establish public/private intermediary mechanisms to plan local services, and appoint their boards of directors. This board would ensure that state responsibilities were met, but have no

responsibilities for operating programs directly.

The local mix of services would be flexible, since the "exact mix of services needed to respond to clients' needs are more appropriately made at the community level where services are actually delivered." The local agencies would select service deliverers with minimum state guidelines. The service system should be "client centered," serving both employers and employees. The services suggested were extremely comprehensive in scope.

Finally, the basis of all contracting for services should be competitive performance-based contracting, although what performance would be preferred was not specified. There should be no distinction between private-for-profit, private nonprofit, or public contractors (ETR, 13:10:216).

All in all, the NGA made its case for control of employment training funds on the basis of the need for management and coordination of local program activities. In particular, they would give states almost complete control over the funding and evaluation of local programs.

To summarize, the city and county governments had a strong stake in the existing system. They wanted to keep the broad outlines of the funds distribution system, while making some changes in program structure and operation. They wanted to keep Federal funds flowing to their jurisdictions. They would be most closely allied to the House Democrats, who wished to continue CETA with few changes and substantial funding. In contrast, the state governors stood to gain from Administration plans to give more responsibility to them. A relatively greater percentage of state governments were in the hands of Republicans, and adding CETA to the Administration's "new Federalism" initiatives would increase Republican influence.

Community-based organizations wanted to keep up funding for their constituents. Most also had strong ties to the Democratic party, and would therefore support CETA's continuation during Congressional maneuvering, following the House Democratic approach. Community-based organizations were the only groups to support expanded redistributive policies.

Business groups were somewhat less united at the beginning of the legislative process. They favored continuation of employment training programs in some form,

but some, who perhaps anticipated the intentions of the Administration, supported substantial cuts in funding; in general, they wanted more influence for the private sector in planning, but were unsure whether they wanted more responsibility for program operations.

With the general positions of the non-governmental actors in the subgovernment laid out, it was the responsibility of the subgovernment's Congressional and Administration members to develop legislative proposals. It is to this activity that we now turn.

CHAPTER 7

EARLY CONGRESSIONAL ACTION

"All projects of government, formed upon a supposition of continual vigilance, sagacity, virtue and firmness of the people, when possessed of supreme power, are cheats and delusions."

--John Adams, Works, Volume VI.

Senate

With the Administration slow to organize a legislative proposal for replacing CETA, it fell to the Senate to take the lead in developing new employment training legislation. The House was still controlled by Democrats, and the head of the relevant committee, Representative Augustus Hawkins (D-CA), was not inclined to grease the skids for easy passage of an Administration-backed bill; he was preparing his own bill that would essentially continue CETA.

The CETA reauthorization process fell under the jurisdiction of the Senate Labor and Human Resources Committee, chaired by Senator Orrin Hatch of Utah, with Senator Edward Kennedy as ranking minority member; the key subcommittee was the Subcommittee on Employment and Productivity, chaired by Senator Dan Quayle of Indiana.

If employment training legislation was to pass the Senate, Quayle and Kennedy (and their staffs) were the key actors who must find a common ground of agreement. Quayle's position was far the more difficult. He was new in his role of subcommittee chairman, and he had to "sell" an employment training program to an Administration of his own political party, but an Administration that had first opposed any employment training programs, then only reluctantly seemed to accept the idea that CETA might be continued in a reduced form. Even worse, Quayle and the subcommittee staff had to proceed without help from the political appointees in the Labor Department who might have been expected to assist; the Labor Department's team knew little about the policy area and had to be trained on the job. Kennedy, on the other hand, knew that his was not the last word for supporters of employment training legislation; his job was to obtain the best compromise he could, in order to push the context of compromise in the direction of the House Democratic alternative.

As legislative proposals were developed during the summer and fall of 1981, committee and subcommittee staffers occasionally appeared in public to hint about developments, test the waters, and get reactions. Such interaction with the policy subgovernment is an important part of developing legislation, and sends signals about positions and strength of commitment in both directions.

The leading Senate staff spokesman in CETA reauthorization was Robert Guttman, legislative counsel of the Subcommittee on Employment and Productivity.

Appearing at the National Commission for Employment Policy conference in late June, Guttman emphasized practical legislative problems: "at present we have to focus not on what's a good program but what is good legislation." Whether or not good employment training policy resulted, good legislation would consist of those proposals that could be passed. In Guttman's opinion, the key question for legislation was how to redesign the delivery system for employment training programs. The Senate's current thinking was strongly in favor of decentralization and against mandated program designs, Guttman reported (ETR, 12:42:1235).

By September, Guttman was able to make a much more comprehensive report (to the Manpower Policy Counselors' conference). In terms of political strategy, he reported that subcommittee chairman Dan Quayle hoped to come up with a consensus bill, and was working closely with the Administration, although he would not wait if the Administration dragged its feet. Substantively, after hearings and staff discussions, there was an emerging consensus on four issues:

1. A "surprising amount" of agreement existed on the continuing need for Federal involvement in training the disadvantaged, even including the Chamber of Commerce, which had never made such a statement before. The process of redefining redistributive as distributive policies, predicted by Ripley and Franklin, had proceeded far enough to attract business' support.
2. Disadvantaged groups should be the top priority for services, and these are chiefly urban minority youth and female heads of household.
3. Something should be done to address the problem of experienced workers in declining industries, though there was less consensus on "appropriate remedial steps."

4. The business sector must be more intimately involved in the design and administration of the new training act than had been the case under CETA.

However, Guttman warned that there was little consensus over details of the program, and that major disputes were shaping up over the structure of the delivery system and linkage to other policy areas, such as vocational education and the Employment Service (ETR, 13:5:95).

Clearly, the hearings had convinced Congress that new legislation was necessary, in order to continue the Federal role in employment training policy. The unspoken but well-understood reality of new employment training legislation was that less money would be available than under CETA; the Senate subcommittee response was to target funding even more tightly than in CETA, identifying two hard-core unemployed groups to be served--urban minority youth and female heads of household--while leaving the door open for a potentially more politically-popular program, assistance to displaced workers.

According to Guttman, the subcommittee had already been able to define the issues to be considered in the employment training debate. In drafting the new training act, fourteen key issue areas would have to be resolved. The issue areas may be classified by their distributive or redistributive content, as well as their implications for subgovernment operation.

1. The relationship between the new training act and vocational education and the Employment Service. This was a situation of conflict between competing subgovernments.
2. The relationship to economic development schemes. The Administration's Economic Enterprise Zone scheme was wending a parallel course through other committees, and at some point employment training policy would have to be coordinated with it. This was also a conflict between competing subgovernments.
3. Funding stability. Every concerned group had agreed that the stability and impact of employment training programs were inhibited by the pattern of single-year, stop-and-start funding imposed by CETA. Longer-term funding would increase subgovernment dominance over the issue domain.

4. Displaced workers. The subcommittee needed to test the political popularity of such a program before committing itself to it; the displaced workers title of the bill was already shaping up as a negotiating point, to sweeten the bill for representatives of industrial states. This issue was potentially redistributive, and also tested the ability of a new interest group to gain entry to the subgovernment.
5. The targeting of clientele, or restricting services to the two hard-core groups mentioned above. This issue was also redistributive.
6. Allowance payments to trainees for subsistence. This redistributive issue was becoming a liberal versus conservative battleground. Liberals favored subsistence allowance payments at a level of at least the minimum wage, as in CETA. Conservatives opposed any allowances.
7. The delivery system, with the resolution of the fight between cities and states to control program operations. This was an intra-subgovernment dispute over distributive policy.

8. The extent of consolidation of programs (for example, merging youth and adult programs). This issue, another intra-subgovernment struggle over distribution, was tied up with the debate over the locus of program control.
9. Audit and compliance requirements.
10. Data reporting systems and paperwork.
11. Liability. These three points were essentially technical issues without policy interest, and will not be further considered here.
12. Addressing the problem of future skill shortages. This was the chief concern of business groups who testified at hearings. Since it would involve subsidies to business, it was a distributional policy issue that tested business' power in the subgovernment.
13. Geographical distribution of funds. This point concerned the exact formula to be used to distribute funds, a hardy perennial distributional issue common to almost all social legislation.

14. Performance standards for prime sponsors and contractors. This was an important technical issue, since performance standards would have a strong influence on program content. The debate was twofold: first, should performance standards be set nationally, and if so, how strictly? Again, this point was related to the issue of how much authority the Department of Labor should have over local programs. Second, should performance standards emphasize placement and cost per trainee, stimulating short-term, low-cost training programs, or encourage skill acquisition in more intensive training programs serving fewer persons? In Guttman's view, it was probable that performance standards would place more emphasis on placement rates in unsubsidized employment. This issue had both distributive and redistributive connotations, thus causing extra difficulties.

Even in September it was obvious that plans would probably have to be scaled down to fit budget restrictions, and Guttman stressed that CETA must win support from a new coalition of interests, and not be viewed as "an inherited albatross" (ETR, 13:5:96).

Senator Quayle outlined his policy stance in a speech to the National Alliance of Business. He said that Federal job training services must be "very carefully targeted" on the chronically unemployed, since "certain budget limitations are becoming a fact of life." The thrust of a new system must be "performance oriented [training and] not just another thinly disguised income maintenance program." Quayle promised that the subcommittee's program would be a "major departure from CETA inasmuch as we will expect labor and industry to tell us what skills are needed, rather than having government sociologists providing that guidance" (ETR, 13:6:118). No more specific rejection of the policy professional establishment can be imagined, although in fact Quayle's proposals did incorporate many of the ideas of policy researchers.

A tentative legislative proposal, developed by Guttman for the Senate subcommittee and dealing with only a few issue areas, was ready for unveiling at the National Governors' Association conference at the beginning of November, 1981. The governors were apparently considered the friendliest possible audience, since the bill would increase their powers at the expense of local governments.

The new Senate subcommittee proposal dealt mainly with program structure. The new system would replace prime sponsors with service delivery areas defined by state governors, and within each area, planning decisions would be made by a private sector council, similar to the existing Private Industry Councils. This proposal would also provide for a separate youth component and emphasize performance standards. More specific details were not given.

A Senate Labor Committee staffer, Kris Iverson, added that the first priority of the Administration and the Republican-controlled Senate was reducing Federal spending. A future employment and training program, in order to survive,

must not provide for income maintenance, must not have an extensive Federal bureaucracy, must not target funds to special interest groups, and must give a greater role to business and state and local governments (ETR, 13:10:213).

This is a nice illustration of the politics of policy making. The subcommittee staff and Senators, wrestling with the problems of writing legislation, emphasized reaching consensus and technical design and problem-solving. The full committee staff, at the next more general level of policy consideration, maintained a focus on the more general political goals of the

Administration, minimizing welfare payments, cutting the Federal bureaucracy, and increasing the role of business. Thus, subgovernment and wider Administration policy making was developing on parallel paths. Reconciliation of competing goals would have to wait.

The National Governors' Association conference was a particularly interesting one, in that representatives of the Senate, House, and Administration all spoke on new employment training legislation, but none appeared to have spoken to the others. The only point all mentioned and agreed upon was that CETA faced a difficult situation in Congress, and needed support from those who wanted employment training programs continued. Although Republican members of both houses of Congress and in the Administration seemed headed in a generally similar direction, characterized by increased state control and less money, no coordination of policy development was evident in their remarks.

The first public mention of funding levels for a new employment training bill came later in November, when Guttman told the U.S. Council of Mayors' Employment and Training Council that Senator Quayle would soon introduce an outline of a proposed reauthorization bill, calling for about a \$3 billion annual expenditure. The plan would

emphasize state control and private sector involvement, allowances would be severely restricted, if not abolished, and some, but not all, money would be targeted (ETR, 13:12:268). Any budget levels would be hypothetical until the Budget Committee fixed overall authorizations.

The state of Senate negotiations was revealed on November 23 when Senators Quayle, Kennedy, and Hatch placed statements in the Congressional Record outlining "a new approach to employment training" (Cong. Rec., 11/24/81:S14073-75). This marked the beginning of Congressional floor debate on a new employment training law and deserves close attention, as each of the parties attempted to define the context within which legislation would be considered.

Despite frequent references to the need for a bipartisan agreement, several differences in philosophy were apparent. Senator Quayle placed employment training in the context of improving productivity, since "our economy faces many problems of which inflation and unemployment may be the most visible but the lack of productivity growth is certainly the most important." Although the primary role in employment training belongs to the private sector, the Federal government has the responsibility to help those who cannot

succeed in the labor market because they have not, for one reason or another, been helped by those institutions which help the vast majority of our citizenry. This is a matter both of social justice and economic necessity. We cannot afford a class that does not participate in our prosperity and we need to utilize all our sources of productive labor in order to insure our prosperity.

Quayle acknowledged the responsibility of government to take action in training the disadvantaged, and he recognized that for them the market economy had failed; he rather artfully sidestepped the apportionment of blame for that failure.

Quayle outlined five major needs that any employment training proposal must address:

1. The involvement of the private sector must be strengthened.
2. Since "the Federal Government is not the repository of all wisdom," the states must be given "a preponderant voice in designing programs to meet their needs as they are perceived locally."
3. Training programs must be clear in their purpose of preparing people for jobs and not merely a disguised form of income maintenance.

4. The system must be result-oriented. "We must measure outcomes and avoid nonproductive concern with process and procedure."
5. The various parts of the system must be integrated and coordinated.

Quayle appended to his remarks an "Outline of a New Approach," with four major headings. The first, "The Delivery System," stated that responsibility for planning should be given to a private sector-oriented council, in which "the business community must have effective control, both state and local governments must play a significant role, and there must be appropriate representation of the needs of client groups." Governors would have the power to define service delivery areas, unlimited by uniform population criteria. Governors would also have the discretion to transfer responsibility for administering the grant from the present prime sponsor to the council. Thus, the first section of the article represented a "hard" position on control by business, along with a fairly firm stand on state control, but with room for bargaining.

The second heading, "Program Structure," provided for the consolidation of current grants (five under CETA) into one, with the proviso of a minimum percentage to be spent on youth. Eligibility would be limited to the economically disadvantaged, with the possibility of revising the current means tests. There was no mention of displaced workers; Quayle did not in fact want them included in this bill, but wanted a separate bill dealing with displaced workers.

Performance criteria would be a key element of the new program. For adult programs, the measure would be "earnings gained from pre-program experience to a representative period (perhaps six months) after program termination," while for youth the measure would be the "acquisition of competencies which are determined by the council as acceptable in the local labor market." This position represented a slight concession to the groups stressing skill training, as opposed to those who only wished to minimize the cost per trainee. Allowance payments (wages) would be prohibited "or limited to cases of extraordinary circumstances."

Consideration of national Federal programs for special populations (Indian, migrant, and Job Corps programs) would be separated from the new system and left

for later considerations. This represented wishful thinking, as the fate of national programs was sure to be an important issue, and their proponents knew that to separate national programs from the employment training reauthorization bill would be to lose leverage over other employment training constituencies.

The third section of the outline dealt with changes in the Wagner-Peyser Act, which governs the Employment Service. The changes would coordinate Employment Service activities more closely with employment training activities. The outline's fourth section, entitled "A Broader Look," was quite general and merely reminded the Congress of the need to remember the relationship of employment training to vocational education, the problems of dislocated workers, and the need to address skill shortages and affirmative action (Cong. Rec., 11/24/81:S14073-74).

Senator Kennedy gave the Senate a Democratic view of employment training needs. After criticizing President Reagan's economic recovery plan generally, Kennedy focused on the likely lack of skilled workers in the 1980s and 1990s. The coming skill shortage "presents an opportunity to increase employment among the millions of disadvantaged and structurally unemployed by improving their skills to

enable them to compete more effectively," he said (Cong.
Rec., 11/24/81:S14075).

It may seem strange that while the Republican Senator Quayle stressed the government's responsibility to help the disadvantaged, Senator Kennedy chose to stress improving skills in order to compete more effectively in the market. Helping the disadvantaged might seem the more "liberal" argument, while skill-building was the constant theme of business during the hearings. Two points explain this apparent discrepancy. First, adversaries in Congressional debates commonly couch their arguments in terms of the principles of the other side, in order to justify their own ends. More important, the arguments presented here were related to the proper size of the employment training program needed. It was clear that any program must serve the disadvantaged. Targeting the disadvantaged alone was an administration strategy to keep the overall size of the program as small as possible; emphasizing skill training, as Kennedy did, would imply that a much larger population should be served.

Senator Kennedy was the only speaker to point out the value of employment training programs based on evaluation data from past programs; data showed that participants in classroom training recorded income gains of \$300 per year

compared to a control group, while participants in on-the-job training had income gains of between \$400 and \$900 per year. Employment gains seemed to persist, since 70 per cent of program completers were employed two years after training. On-the-job training was particularly effective, with a positive benefit-cost ratio of 2.18:1, and there were also positive benefit-cost ratios for Job Corps and classroom training.

Kennedy enunciated the Democratic approach to a revamped employment policy:

The need is to transform the crazy quilt of Federally supported employment training programs into a coherent system that can respond to the country's changing manpower needs.

This reform should go beyond CETA to include the Employment Service, vocational education, WIN, and other programs.

Kennedy's approach represented not merely a wish for a more integrated policy approach, but an important part of the Democratic political strategy. CETA was politically weak; the larger the area covered in new employment training legislation, the more possible constituents served, the greater the potential political support for passing a new bill.

Kennedy believed that decision-making should remain with local officials, although "governors must play a greater role in coordinating related programs in their states," perhaps in the area of monitoring and evaluation. The lines were clearly drawn here: Democrats with the cities, Republicans with the governors.

While the number of service delivery areas could be reduced to provide economies of scale, major cities and counties should continue to receive direct funding. Local officials would have the dominant role in planning and directing programs. Labor must be represented, since "experience both in the United States and abroad has shown labor-management cooperation to be an effective means of solving the problems of dislocated workers." Quayle had made no mention of labor participation.

Adopting the NCEP recommendations, Kennedy said that priority in service delivery should be given to industries and occupations that were growing, and to those individuals with the greatest problems--"disadvantaged youth, women who are heads of households, and the structurally unemployed, dislocated workers from hard-pressed regions." He agreed with Quayle on the basis for performance standards, although he would add the provision of basic education services to the allowable

types of activities for youth (Cong. Rec.,
11/24/81:S14075-76).

Taken together, the Quayle and Kennedy principles reveal more differences than consensus. The potential for partisan conflict was even greater, for Quayle was playing a conciliatory role in his statement, the role of "good cop." The "bad cop" was Senator Hatch, who, as Chairman of the full Senate Committee on Labor and Human Resources, was entitled to the last word in the Senate debate. Hatch returned to the Administration's overriding commitment to cut social spending. When he came to a more specific consideration of employment training policy, he emphasized the need for change in the present system, taking a more right-wing line than had Quayle:

For many years we have dealt only with the symptoms of unemployment in the form of increased welfare benefits, public service jobs, and more Government spending for contracted services. Clearly we must take a longer look at such efforts, however well-intentioned, and develop a strategy which will address the underlying causes of unemployment and skills shortages. ...While CETA has contributed many measurable achievements to society, there is an indisputable need for some major changes in its construction and goals.

While avoiding specific proposals, Hatch supported Quayle's approach to employment training policy, underlining the need to separate "human capital development" programs from income maintenance programs.

(Cong. Rec., 11/24/81:S14076). Quayle's analysis of employment training programs in terms of human capital recalls the approach of the 1981 NCEP Report (Chapter 4, above).

After the Thanksgiving recess, Quayle's subcommittee released a draft summary employment training bill called the "Training for Jobs Bill," dated December 16, 1982. The draft avoided the whole problem of defining service delivery areas by giving governors the power to designate them. There would be a State Job Training Council to advise the governor. Twenty-five per cent of its members must be from Private Industry Councils, 25 per cent from local governments, 25 per cent from labor and the economically disadvantaged, and 25 per cent from state or other public agencies (ETR, 13:17:383).

A revised Private Industry Council (PIC) would replace the prime sponsor as the administrative arm of the employment training system. This marks a change in the role of the PIC from advisory committee to administrative agency. The PIC would be made up of 60 per cent representatives from business, and 10 per cent each from local government, education agencies, labor, and community-based organizations. The PIC must draw up the annual plan, and could manage programs itself, but it

could not run all of its own programs.

The draft specified the contents of the annual employment training plan the PIC would be required to submit to the Governor: a description of services and programs to be provided, procedures for selecting service providers (the subcontractors who would provide actual training), procedures for identifying and selecting participants, budgets, and expected performance accomplishments. This plan would be subject to the approval of the governor, whose decision would be final, except for appeals to the Secretary of Labor (ETR, 13:17:402).

Performance criteria would be defined separately for youth and adults. The basic measure of performance for adults would be increased earnings (over a "reasonable" period) and reductions in income maintenance payments. Youth standards could be locally developed based on employment competencies. If PICs or their contractors failed to fulfill performance standards, they may be replaced as program agencies by the governor.

In selecting service delivery agents, prime consideration would be given to the cost and effectiveness of the service based on past performance. The level of occupational skills provided must be acceptable to

employers in the area.

Funds could be used for substantially the same purposes as in CETA, except that no stipends or allowances would be permitted (ETR, 13:17:403). This reflected Administration thinking. Roughly 40 per cent of program funds would be reserved for youth activities (under age 19). The PICs' administrative costs would be limited to 15 per cent of their total budget; this reflected concern over the high administrative costs of some prime sponsors under CETA.

Eligibility for program services would be limited to those who are disadvantaged. This was defined as having income no more than 70 per cent of the Bureau of Labor Statistics' lower living budget for the six months prior to training, or receiving cash welfare payments or food stamps (ETR, 13:17:403).*

The Senate draft did not deal with displaced workers. This was a function of the Senate's committee structure. Displaced workers were under the jurisdiction of a

*A variable figure, amounting to about \$10,000 annually for a family of four in 1984, thus roughly \$7,000 for program participation.

different Senate subcommittee, and it was not possible to combine the issues at the subcommittee stage.

Some national programs would be retained. This represented a concession to the Democrats and a defeat for the Administration, which was more hard-line than the Senate Republicans on this issue. Senator Hatch often singled out the Job Corps, provided for under the national program title, as an example of an effective employment training program.

Not all existing national programs would be retained, however. Of the 22 per cent of total funds reserved for national programs, Job Corps would receive 66 per cent, Indian and Native American programs 10 per cent and migrants 10 per cent. These percentages were highly hypothetical; they would keep funding levels roughly at current levels if the entire program were funded at roughly current levels. There was no provision for the continuation of other existing national programs, which were chiefly those of the outreach organizations (such as the Urban League and RTP, Inc.) and labor unions. Minority outreach groups and labor unions, both enemies of the Administration, would be punished, while Senator Hatch's pet program, the Job Corps, would be rewarded.

Another provision of the Senate subcommittee draft would create a new Commission on Employment and Productivity, to replace the National Commission for Employment Policy. The new commission would be privatised in much the same way as envisioned for CETA. The Commission would have a majority of members who were chief executive officers of major private for-profit corporations (ETR, 13:17:405). Other appointees would be from organized labor, state and local government, education agencies, and the Secretaries of Labor, Education, and Commerce ex officio. Federal funding of the Commission would have to be at least equally matched by private funds, which presumably would be obtained primarily from foundations.

Shortly after the release of the Senate bill summary (and as the Congress was recessing for the holiday break), Senator Quayle's subcommittee released another letter, stating that three bills would be introduced to replace CETA. Bill Number One would be the draft bill discussed above. Bill Number Two would address skill shortages, especially in industries critical to defense needs. It did not deal with disadvantaged workers. Bill Number Three would serve veterans.

The Secretary of Labor would be required to publish a list of skilled occupations experiencing substantial labor shortages. The Secretary of Defense would determine which of those shortages were hurting defense procurement by delaying delivery dates or increasing the costs of weapons systems. He could then require defense contractors to provide training in those skill-shortage areas, and add the training costs to the contract.

Bill Number Two also would provide for tax credits, incorporating provisions introduced in an earlier bill (S. 1813) by Senator Hatch. If training were offered in an occupation on the skill-shortage list, the employer could receive a tax credit of up to 50 per cent of the workers' first year wages, and up to 30 per cent of the workers' second year wages (ETR, 13:18:428-31). Bill Number Two was not considered at the same time as the principal employment training bills, and dropped from sight.

Bill Number Three, called the Veterans' Employment and Training Act of 1982, would authorize a separate veterans program independent from other employment training efforts, and reorganize existing efforts for veterans. CETA had mandated that a certain percentage of services go to veterans, and this had created competition between the needs of veterans and the needs of the

disadvantaged (ETR, 13:18:412). The veterans program would be authorized at \$100 million for FY1983.

The two supplemental bills (Numbers Two and Three) paralleled rather closely the concerns about skill shortages and defense bottlenecks expressed by business during hearings, as well as the concerns of veterans' groups. Once it seemed likely that some form of CETA reauthorization would pass, the introduction of separate bills was a bad sign for the groups whose interests were separated from the main legislation. They had gained the agenda, but their preferences were likely to receive only symbolic consideration.

None of the three bills offered a solution to the main political dilemma, which was how to satisfy the constituents of employment training programs (and by constituents I mean state and local government and industry, not individual training participants) while cutting funding. At this point, only the veterans' program had an authorization attached, and it was quite small.

After the Christmas recess, ETR reported that Senator Quayle was trying to make his bill acceptable to Senators Kennedy and Hatch. Robert Guttman told ETR's editors that the major differences between Quayle and

Kennedy were over "how the program ought to be organized, rather than what the programs ought to do" (ETR, 13:20:481). In fact, after this point there was practically no debate over the authorized content of training programs for the disadvantaged. Program content was to be left to Labor Department regulation, or to the discretion of the prime sponsors, a failure of decision making of the type deplored by Lowi (1979).

A major remaining difference was over the designation of service delivery areas to replace CETA's prime sponsors. Quayle wanted to let the governors designate service delivery areas, but Kennedy wanted Congress to set the standards. Also, Kennedy reportedly wanted a separate youth bill, while Quayle's bill simply called for setasides of available funds for youth services (ETR, 13:20:481).

The editors of ETR offered their own interpretation of events:

At bottom, the divisions between the Democrats and Republicans may arise from political considerations that have little to do with employment training policy. Certainly the Republican proposals, giving a large amount of discretionary power to the states, adhere closely to the Administration's emphasis on the "new Federalism" (ETR, 13:20:481-2).

Kennedy knew House Democrats were preparing a bill that essentially would renew CETA. His job was to get whatever concessions he could from Senate Republicans, thus putting the House in a stronger bargaining position.

By the beginning of February, Quayle and Kennedy were able to reach agreement. They held a joint press conference to announce the introduction of their bill, S. 2036, entitled the "Training for Jobs Act." Quayle said that he was still unable to enlist the support of Senator Hatch, who was waiting for the Administration to come up with a bill of its own. Quayle had kept the Administration informed on his bill's development from the first, he said, but had received no commitment from the Administration. Perhaps the rapidly rising unemployment rate, which had reached ten per cent, "might provide an incentive" to the White House for a commitment (ETR, 13:22:557).

Kennedy said that he and Quayle had reached an acceptable compromise on the issue of program control, and the bill was not "a turn-back program to the states, and not a turn-your-back program for the poor, the hungry, and the unemployed" (ETR, 13:22:557). The bill, with FY83 authorized funding of \$3.9 billion, would provide one million training slots per year.

A summary of the bill was placed in the Congressional Record February 2, along with statements by Quayle, Kennedy, and co-sponsors Paula Hawkins (R-Fla) and Claiborne Pell (D-RI), who were also members of the subcommittee. Each Senator stressed the aspects of the bill closest to his approach, while praising the other members for joining in a compromise proposal. Senator Quayle pointed out five highlights of the bill.

First, the involvement of the private sector would be strengthened, by giving local PICs the power to plan and administer the programs. Second, the bill decreased the role of the Federal government and increased the responsibilities of the state governments, "in keeping with the Reagan Administration's goal of redefining state and Federal responsibilities." Third, the bill would fund training programs only. No public service employment would be allowed, and training allowances were prohibited: "this bill is not an income-maintenance program."

Fourth, the bill narrowly targeted funds to those who are disadvantaged, "who even under the best of circumstances cannot compete in the labor market because of their lack of education or training." Fifty per cent of funds must be allocated to training of youth (under 22) (Cong. Rec., 2/2/82:S247). Finally, due to the need to

reduce the Federal deficit, funding should be kept at the same basic level as the current funding for CETA (\$3.8 billion). "Since the new program will be operating with less funds than it really needs, it must be more efficient" (Cong. Rec., 2/2/82:S248).

Following the three bill strategy previously announced, Senator Quayle also introduced the Veterans Employment and Training Act (S. 2037), and the Defense Procurement Training Demonstration Project Act (S. 2038). S. 2038 was labelled a "demonstration project only." S. 2037 and 2038 were not co-sponsored by the Democrats, another indication that these bills were token efforts (Cong. Rec., 2/2/82:S248).

Senator Hawkins underlined the "central theme" of the legislation, to enhance the role of PICs. She listed some of the groups who supported that enhancement:

In testimony ...the U.S. Conference of Mayors, the National Association of Counties, the Chamber of Commerce, and the Business Roundtable all agreed that PICs should be given a larger role in developing and administering employment training programs.

Speaking for the Democrats, Senator Kennedy chose to describe the bill from a different point of view:

We act today on a bipartisan basis to try to answer the pleas of the unemployed. ...We have

learned from past experience. We know that training the disadvantaged is a good investment. It makes taxpayers out of tax users. It raises the Nation's productivity. It is the best kind of supply-side economics, because it is not just investment in tools and robots, but investment in human capital, too.

Kennedy called the bill a "fair compromise reached after long negotiation." Although the bill was not the program that either Kennedy or Quayle originally proposed, it was a "realistic start toward meeting one of the Nation's most urgent economic needs--jobs for those who want them" (Cong. Rec., 2/2/82:S249).

Senator Pell also saw the bill as a contribution to a national effort to raise employment. He pointed out the similarities between the bill and CETA, rather than the differences, and hoped that the changes in the administrative structure would "breathe new life into CETA and create a system of which all of us can be proud" (Cong. Rec., 2/2/82:S250).

Although the Senators called their work bipartisan, it was clear from the content of their remarks that S. 2036 was a shaky compromise proposal. Each side approached the issue from a different point of view, and neither side made a commitment to try to bring the bill through floor action in its present form. The compromise did establish a common ground from which to negotiate

further. The Senators knew that the House was likely to pass a more liberal bill, while the Administration, which had not made any commitments, might introduce a more conservative bill. The Senate bill provided a point of reference, a context within which negotiations toward a real compromise might take place.

S. 2036 (Quayle-Kennedy)

In order to understand later negotiations, it is necessary to examine the principal bills in some detail. As finally introduced, S. 2036 had six titles. Titles I-III provided for training services, with a \$3.8 billion authorization for FY83. \$836 million was allocated to national programs, with 66 per cent to Jobs Corps, 10.5 per cent for Indian programs, 10 per cent for migrant and seasonal farmworkers programs, and 13.5 per cent for technical assistance, labor market information projects, pilot projects, research, evaluation, and program administration. \$226 million was authorized to governors for statewide programs, and the remaining \$2.698 billion for allocation to states and suballocation to Service Delivery Areas (SDAs), the term for the local training jurisdictions that would replace the prime sponsors of the CETA system. Those funds would be distributed in two steps: first to the states, with 50 per cent allocated

according to the number unemployed for more than fifteen weeks, and 50 per cent according to the number of economically disadvantaged in the state; second, within each state according to the number of disadvantaged persons in the labor force of the SDA compared to the number in the state.

A State Job Training Council would be established to advise the governor. At least one fourth of the members of the state council must be representatives of local PICs.

There was an elaborate process of defining SDA boundaries. Working from CETA prime sponsor boundaries, PICs and local elected officials would petition the governor for new SDA designations. The bill specified that the governor must approve any petition from a local government with a population of 250,000 or more, unless the PIC did not concur. Otherwise, governors must approve joint petitions from PICs and local officials, unless "such agreement would not carry out the purposes of this Act." Decisions might be appealed to the Secretary of Labor.

Every new SDA must have a PIC, with a majority of representatives from private industry. The remainder of the membership must include representatives from local government, education agencies, organized labor, community-based organizations, economic development agencies, and the Employment Service (Cong. Rec., 2/2/82:S251).

The PIC would be responsible for developing the SDA plan and could hire staff for this function (Cong. Rec., 2/2/82:S252). The PIC could be the recipient and administrator of funds, although at least 80 per cent of Federal funds must be subcontracted by the PIC. This meant that in practice PICs would not be able to actually operate training programs themselves, but would have to purchase training services from other contractors. No more than 20 per cent of funds could be spent for administration.

To be eligible for program services, an applicant must have an income of no more than 70 per cent of the Bureau of Labor Statistics lower living income level for the prior six months, or be receiving welfare payments or food stamps (Cong. Rec., 2/2/82:S252).

No stipends or allowances would be allowed, but funds could be used to pay wages to a participant for a period up to six weeks while the person performed services for a private-for-profit employer as part of a program to place the participant in regular employment with the employer (known as the try-out scheme). Also, in a loophole inserted by the Democrats, funds could be used to reimburse participants for costs incurred while participating in the program (Cong. Rec., 2/2/82:S252). The meaning of this clause was not precisely clear. In some CETA programs, participants had been reimbursed for the costs of child care or transportation to the training program; this may have been what was meant. On the other hand, the imprecise phrase could have been deliberately ambiguous, serving as a placeholder in the bill for a clause to be resolved later.

Fifty to seventy-five per cent of funds must be targeted to youth (under age 22). Performance standards for youth could be locally developed by the SDA administrator based on employment competencies recognized by the PIC and on placement and retention in employment. For adults, the basic performance measure would be the increase in earnings and reduction in cash welfare payments over an unspecified period; governors could prescribe variations in the standards.

A National Commission on Employment and Productivity would replace the National Commission for Employment Policy. Its purpose would be to "examine and make recommendations on broad policy questions relating to the nation's productivity and to labor force utilization and training" (Cong. Rec., 2/2/82:S253). The Commission would have representatives from private industry, organized labor, state and local government, and local educational agencies, with the Secretaries of Labor, Commerce, and Education as non-voting members. Federal funds to operate the Commission must be matched by private gifts from foundations or industry.

A dislocated worker program was contained in Title V, with \$100 million authorized funding in FY83. Federal funds could pay no more than 50 per cent percent of program costs, with the remainder to be matched by the states (Cong. Rec., 2/2/82:S253).

S. 2036 represented more continuity than change. \$3.8 billion was approximately the same amount CETA was currently receiving (though less than in any year of the Carter Administration). Governors would receive some added powers, but most funds would pass through to the local governments. Private industry would have more influence, but labor and community groups would retain

representation. Funds would be strictly targeted on the most disadvantaged, an Administration priority, while the no stipend provision was given at least a small loophole the Democrats wanted. Both sides agreed on targeting of youth services, and on performance standards. The Republicans succeeded in privatising the National Commission for Employment Policy, while the Democrats managed to include a title for dislocated workers, albeit with only very small funding and a state matching funds requirement.

House of Representatives

In the House, the Democrats, with organizational control, decided to introduce their own employment training bill without seeking input from the Administration. Jurisdiction for employment training legislation lay in the Committee on Education and Labor, chaired by Carl Perkins of Kentucky, and the Subcommittee on Employment Opportunities, chaired by Augustus Hawkins of California. Hawkins was in charge of developing a bill, along with the subcommittee's ranking minority member, James Jeffords of Vermont. Hawkins' staff director in charge of CETA reauthorization, Susan Grayson, made many appearances before interest groups during the course of the debates.

From the beginning, the context of the Reagan victory and economic plan made it clear to the House Democrats that they faced an uphill battle. Grayson warned a July, 1981 National Association of Counties conference that CETA was in for further drastic budget cuts, because CETA did not represent a national employment training policy per se and because it was associated with public service employment, "which is synonymous with fraud and abuse" (ETR, 12:46:1343).

The House leadership seems to have decided rather early in the development of the bill to establish a tough bargaining position by introducing a bill that preserved most of the current CETA system. In September, 1981, Clark Rechtin, staff counsel of the House Education and Labor Committee, told the Manpower Policy Counselors' conference that Education and Labor Committee chairman Carl Perkins was committed to the present CETA delivery system, although with some improvements, and opposed block grants to states. The "most publicly prominent" issue under committee review was the relationship between the Federal, state, and local governments, Rechtin said, but that was not the "most important" question. The House did at least agree with the Senate on the major issues to be settled:

1. Clarifying the goals of the employment training system.
2. Determining the eligibility requirements for program participants.
3. Defining performance criteria for sponsors.
4. Streamlining management and paperwork.
5. Determining the proper mix of services to be offered.

Like the Senators, Representative Perkins believed that it was critically important to leave decisions about service mix to local program operators.

Both houses wished to link CETA to vocational education, but there were political and structural problems, Rechtin said. This was code; Rechtin meant that vocational education was under the jurisdiction of a different subgovernment and a different subcommittee, and it was highly unlikely that the vocational education subgovernment would be willing to diminish its own influence over the legislation (ETR, 13:5:95). With the employment training subgovernment facing challenges, it was no time to begin disputes with other subgovernments.

Several Democratic speakers appeared at this conference, and they were predominantly gloomy about the prospects for substantial funding for employment training programs. Most interesting was the view of Representative David Obey (D-Wis.), who saw "virtually no chance" of maintaining a \$3 to \$4 billion training program over the next few years (ETR, 13:5:96).

Obey outlined two strategies for Democrats who supported employment training programs. The first, which he favored, was to offer a comprehensive alternative strategy, "a real counter-offensive," even if it was doomed to lose. Failing that, the President's proposals should go to the floor for a straight up and down vote, and let the Republicans take the blame if their policies failed.

The second strategy, which Obey predicted Democrats would actually follow, was a "damage control strategy." "We'll protect the inches now instead of the yardstick next year," he predicted (ETR, 13:5:96). This was Obey's method of describing the form of incremental, compromise policy making normally utilized by a subgovernment considering distributional policy. Obey was right about the damage control strategy, but a somewhat milder counter-offensive also turned out to have its place in

that strategy, as we shall see.

House Republicans took a generally low profile during hearings on employment training bills. During the House hearings in his home state of Vermont, Representative Jeffords was the only spokesman for a comprehensive approach to redesigning education and training programs. He warned that if Congress did not act to define

the Federal government's role of establishing an overall goal for Federal training programs, the opportunity to develop a comprehensive approach will be lost for at least the remainder of this decade (U.S. Congress, 1982a:24).

While Jeffords introduced his own bill (examined below), his appeal for a comprehensive strategy was to go unheeded by his fellow Republicans.

H.R. 5320 (Hawkins)

Representative Hawkins' Subcommittee on Employment Activities released a draft "Human Capital Development and Productivity Act" on December 17, 1981. Chairman Hawkins promised to introduce a full bill, slightly revised, early in January. The bill would contain four titles and would include a permanent authorization, in an attempt to give employment training programs more stability in funding and planning. The amount of funding to be authorized was not specified.

Title I was entitled "community public-private training and employment assistance system." It contained three sections. Section One dealt with the designation of prime sponsors. The section retained current prime sponsors that served a population of 100,000 or more. Instead of requiring prime sponsors to serve labor market areas, the section authorized a two per cent bonus appropriation for large units of government that formed consortia covering labor market areas. Consortia of units of government that served less than 100,000 would be required to serve a labor market area. This was a small concession to the proponents of service delivery according to labor market area, and a good example of how concessions and horse trading complicate legislation.

Rather than settling the issue of political units versus labor market areas, Hawkins' proposal would allow both, but with a small incentive in favor of jurisdiction by labor market area. He could claim to be encouraging labor market areas and increasing the power of choice of localities, by making the bill less prescriptive, both traits desired by the Republicans; but the incentive actually offered (a two per cent bonus) was so small as to have no probable practical effect. In addition, however, prime sponsors (or, in the new terminology, Service Delivery Areas) were defined, planning and administrative

authority would stay the same as in CETA, that is, with the localities rather than at the state level. This was a "hard" Democratic position from which to begin bargaining.

The second section covered Private Industry Councils (PICs). It would slightly enlarge the influence of business, but much less so than the Senate bills. Each prime sponsor would have one advisory body, the PIC, with concurrent approval with the prime sponsor for planning and implementation of Federally-funded education and training activities. The PIC would not replace the prime sponsor as administrative body, but would have veto power over the prime sponsor. Members of the PIC would be appointed by the governor or local elected officials (an unsettled point of contention) for two years, with vacancies to be appointed by a majority of the members of the PIC. A majority of the PIC must be representatives of business; the remainder must represent labor, economic development agencies, education providers, and community-based organizations.

The third section dealt with program planning requirements. First, administrative costs were limited to 15 per cent of program funds. Here Democrats and Republicans agreed that administrative costs must be considerably less than they had been under CETA (estimates

were varied and disputed, but the most common was 38 per cent [Mirengoff, 1981; U.S. Congress, 1981a]). Second, the prime sponsor and PIC must develop annual or bi-annual plans approved by both bodies. The plan must include performance goals, and minimum performance standards would be established on the basis of placement in unsubsidized employment, retention in unsubsidized employment, participant earnings gains, and reduction in welfare costs. These criteria were broader than in the Senate bills. For youth, separate performance standards would be developed, including attainment of education competencies, school completion, referral to other training programs such as apprenticeship, or enlistment in the military. Performance standards could be negotiated, taking into account local economic conditions, but prime sponsors that failed to meet performance standards for two years could lose their eligibility as prime sponsors.

Title II covered education and training services for the economically disadvantaged. The first section dealt with funding. The formula was such that a continuation of funding at the level of FY82 would produce local allocations little changed from CETA. Seventy-three per cent of all funds would be allocated to prime sponsors according to a national formula taking into account unemployment and low-income factors. Ten per cent of

funds would be allocated to states for state-wide programs. Five per cent of funds would be reserved for bonuses to prime sponsors who exceeded their performance goals. Ten per cent of funds would be available as incentive matching grants, to be matched one for one with private funds. Two per cent of funds would be a bonus for consortia that combined to serve labor market areas.

Prime sponsors would receive a single grant, with a 50 per cent setaside for youth. Subsidized non-profit employment would be allowed; subsidized for-profit employment would be allowed for youth aged 16-19. Regulations concerning wages, allowances, and duration of employment would remain the same as in CETA. This was a major difference with the Senate bills, although eligibility standards for services were the same as in the Senate bills.

Title III dealt with displaced workers. States would have the responsibility for developing a coordinated plan to serve displaced workers. Federal funds would have to be matched one-for-one from state sources.

Title IV covered nationally-administered training programs. Current programs for Indians, migrants, seasonal farm workers, the Job Corps, research and development activities, and training and technical

assistance would be retained. The National Commission for Employment Policy would be reconstituted by making it an independent Commission to advise the Congress and the President on the impact of economic policies on employment. The new Commission, to be renamed the National Commission on Employment and Productivity, would consist of fifteen representatives from business, labor, and the general public (no governmental representatives) to be appointed by the President with the "advice and consent" of Congress (ETR, 13:16:378-80). This proposal differed considerably from the Senate's.

Hawkins actually introduced his bill on January 25, 1982, with only two substantive differences from the December draft. First, the name was changed, to the "Community Partnership for Employment and Training Act" (H.R. 5320). Second, Title III, the displaced worker program, was changed somewhat in its administrative and planning structure, to give the states more responsibility. States would still be required to match Federal funds on a one-to-one basis, but unemployment benefits to persons in training would be considered as part of the matching funds (Cong. Rec., 1/25/82:E7-9).

In his remarks on the floor of the House, Hawkins said that the bill's "essential purpose is to improve the match between the skills of the labor force and the needs of the economy." He felt it was important to retain the prime sponsor system, since "to scrap this system now in favor of an untried, new institutional mechanism would result in certain delay, waste, and possible failure." Also, it was appropriate that local prime sponsors continue to control the program, since "local elected officials are ultimately accountable to the voters for the use of these Federal funds" (Cong. Rec., 1/25/82:E8).

Hawkins emphasized the fact that his bill would simplify the requirements of CETA, from which it differed in four major ways:

1. The private sector would be given full partnership in determining how Federal funds would be spent.
2. Greater flexibility in training decisions was given to prime sponsors.
3. Measurable performance standards would be introduced.
4. Two new programs would be added, one for displaced workers, the other to help areas with higher than average unemployment (Cong. Rec., 1/25/82:E8).

Throughout the development of JTPA, Representative Hawkins, whose district includes the Watts area of Los Angeles, was the consistent champion of an active employment training policy, and the most insistent in trying to retain the redistributive elements of employment training to the highest possible degree. In particular, he fought for the highest funding levels and was the issue entrepreneur who again and again saved at least the possibility of paying stipends to those in training.

H.R. 5461 (Jeffords)

Unsatisfied with both the Hawkins bill and the Senate bill, Representative Jeffords (R-VT) introduced his own bill, called the "Productivity and Human Investment Act" (H.R. 5461). It struck a balance between the service delivery systems of the Hawkins and the Senate bills, but in terms of program design and content it was more prescriptive than the others--that is, the types of programs that would be required or allowed were far more specifically defined in the legislation.

In Representative Jeffords' view, Congress should share the blame for criticism of the employment training system.

The programs did not have the opportunity to

nature or to grow because the necessary stability was not provided. Each time the economy changed, Congress altered the goals, mission, programs and required outcomes, reports and responsibilities in the legislation (Cong. Rec., 2/4/1982:E239).

Jeffords believed the record of CETA taught certain lessons. First, several types of programs were successful, as measured by their cost-benefit ratios; on-the-job training, Job Corps, and classroom training were justified on that basis. Work experience programs improved post-program labor market success only when targeted and combined with classroom training. The greatest long-term benefits came from training that was long enough to enable the participants to achieve measurable and certifiable competencies that were required in the labor market. Finally, it was better to use existing training institutions, such as community colleges, rather than maintain segregated and frequently second-class approaches such as in training centers limited to CETA participants.

New employment training legislation must address five main needs: first, the role of local, state, and Federal government should be clarified. Second, stability must be given to the program through freestanding legislation. Third, fraud, abuse, and overregulation, too common in CETA, must be countered. Fourth, the contribution of the

private sector should be strengthened. Fifth, the proper balance needed to be struck "between training youth and adults, the displaced and the disadvantaged, and the unemployed and the underemployed" (Cong. Rec., 2/4/82:E239). The "proper balance" between youth and adults was defined by the draft bill as 30 per cent of available funds to be spent on youth.

Jeffords' bill provided for a permanent authorization, with an authorized appropriation for FY83 of \$3.6 billion (Cong. Rec., 2/8/82:E263). The bill was based on a system of local labor market area boards, guided and monitored by the state government. The basic service delivery unit would be a labor market area with a population of at least 200,000, but the governor could add or subtract from those units under certain conditions. Local elected officials would have consultation rights in the designation of labor market areas, and could appeal to the Secretary of Labor. The chief elected officials of the labor market area would choose an labor market area investment board (the equivalent of a PIC), with a majority of representatives from business, to replace all councils required by CETA. The labor market area investment board would do all planning, contracting and monitoring of services (called "investment services" in the bill) (Cong. Rec., 2/2/82:E583-4). The labor market

area investment board must make up a two year plan subject to approval by the chief elected official of the labor market area and then by the state, which would have final authority.

The state government would be given considerably more power than under CETA. Besides designating labor market areas, the states would audit and monitor plans and performance by local boards, coordinate statewide activities and establish standards and priorities for state incentive grants, and coordinate action with the private sector to establish advanced business training programs for participants who had successfully completed basic training (Cong. Rec., 2/8/1982:E264).

Federal responsibility would be to set standards for fiscal accounting, establish a uniform management information system, and develop a performance-rating system to be used in awarding bonuses for good performance. National programs, research and evaluation activities, and technical assistance would be retained from CETA.

Funding formulas were established for programs at all levels. Local boards should spend 30 per cent of funds on youth programs, 30 per cent on remediation and training activities for adults, 30 per cent on labor market

exchange activities (replacing the functions of the Employment Service), and 10 per cent on administration. States should spend 25 per cent on oversight and support of local board activities, 50 per cent on state grants, and 25 per cent on state-operated investment activities, although up to 20 per cent of state funds could be used to establish incentive grants (Cong. Rec., 2/8/82:E264).

Allowable youth services were rather specifically defined, based on earlier Youth Initiatives legislation that had died in the 1980 Congressional session. Four types of youth training would be allowed: education for employment (GED courses), pre-employment skills training, entry employment experience, and school-to-work transition assistance.

The design of adult training activities followed the suggestions of Robert Taggart, whose ideas were discussed in Chapter Five. First-tier training would be less than 1,000 hours and include occupational training, employability skills training, remedial education, and OJT. Second-tier training could last between 1000 hours and two years, and include occupational training and retraining, post-secondary education, and contracts with private business for combined on-the-job training and institutional training plus internships. Job Access

Assistance would consist of incentives to employers, including try-out employment of up to 250 hours (with wages paid by government funds), employment bonuses, and tax credits (Cong. Rec., 2/8/82:E264).

In funding and administrative structure, Jeffords' bill was closest to Quayle's. In the area of program content, Jeffords offered a new approach, largely based on the advice of policy professionals; his bill paid more attention to the actual content of training programs than any of the others.

Jeffords' role in the subgovernment was the obverse of Kennedy's; he wished to achieve compromises that would weaken the House Democrats' bargaining position with the Senate. In addition, he had policy interests of his own, and acted as issue entrepreneur for the policy preferences he had adopted from the work of employment training policy professionals.

S. 2184 (Administration-Hatch)

With three bills already before Congress, none of them similar to the ill-fated "BLT" proposal, the Administration leaked a new draft bill of its own to the National Association of Counties (NACO). Several of the features suggested in the BLT proposal were altered. In

keeping with President Reagan's campaign for a "new Federalism" concept, block grants to the states would replace the directly funded consortia of private sector employers and labor. FY83 funding would total \$2.387 billion, the same as in the President's draft budget, released at the beginning of February (ETR, 13:23:597). This was the lowest proposed authorization of the four proposals.

Governors would be given extensive powers under the proposal, even more than under the Quayle bill. The governor would designate service delivery areas (SDAs) based on major labor market areas, ignoring political jurisdictions unless the cities had a population of over a million. The governor would appoint and chair a state training board, with 60 per cent representatives of private industry, to develop statewide plans, review local plans, and allocate funds to the service areas. The governor would also appoint the local level councils, similar to PICs, that would plan local programs.

To be eligible for services, a participant would need to be disadvantaged and either under 25 or on welfare. There were no provisions for services to others except in the much-reduced (to \$200 million) targeted national programs. Job Corps would also be greatly reduced.

Allowable activities would be similar to CETA, except that no stipends, allowances, or subsidized wages would be allowed. The Secretary of Labor would establish (unspecified) minimum Federal performance standards, though state standards could vary (ETR, 13:23:598).

When, a few weeks later, the Administration publicly released its draft bill, now entitled "A Job Training Act of 1982," a few items had been changed from the earlier leaked draft. Although governors would still be firmly in control of employment training activities, the figure for automatic selection of a city as a substate SDA was lowered from one million population to 500,000, presumably a concession to local government interests.

The state training council makeup was changed slightly. Business representation must be 51 per cent, local government representation 20 per cent, with the remainder including the state Employment Service, the state vocational education agency, labor, community-based organizations, and others. Local PICs were to advise SDAs and would have to approve any plans. Thus the bill seemed to establish a dual authority, separating the administrative and planning roles.

Up to ten per cent of state funds could now be used to serve participants who were neither aged 18-25 nor welfare recipients. The NCEP, not mentioned in the earlier draft, would be renamed the National Commission on Employment and Productivity, with more representatives from the business community, plus the Secretaries of Commerce and Treasury (ETR, 13:24:627-629).

Senators Hatch and Quayle were co-sponsors of the Administration bill (S. 2184) when it was formally introduced on March 9. There were a few new changes, including a further guarantee to maintain local government units serving a 500,000 population as SDAs, modification in the allocation formulas, and the addition of a special program for veterans--something of a resurrection of their proposals (Cong. Rec., 3/9/1982:S1814-1818).

The Administration obviously regarded its bill as a starting point for negotiations. Assistant Secretary Angrisani called the draft bill "not a fixed position by any means" and noted that any employment training legislation must respond to "budget realities." Decisions on the overall budget would set the limits on employment training. Training for skill shortages was "very high on our priority list," Angrisani said (despite the fact that the Administration bill limited access to training to

those aged 18-25 or on welfare). Better labor market information was also needed, Angrisani said; this despite the fact that the Administration had cut funding for labor statistics (ETR, 13:24:629-31).

At a National League of Cities workshop, Under Secretary of Labor Lovell defended the Administration bill and repeated his criticisms of CETA, especially the "income transfer" portions, public service employment, and stipends and allowances. Good training programs, he said, would attract participants without offering stipends.

The basic reason for turning programs over to the states was that the Federal government had been unable to develop programs that met the "varied needs of the various areas." A new program should provide "maximum flexibility." The Administration bill was not intended to help dislocated workers, but their situation must be considered in the future (ETR, 13:26:679-81).

At a press conference held after the introduction of the Administration bill, Secretary of Labor Donovan faulted CETA for trying to serve too great a diversity of clients, using a delivery system that was "too complicated," spending too much on wage subsidies and not enough on "real training," and failing to involve the private sector.

Assistant Secretary Angrisani repeated the charge that CETA had spent \$53 billion in seven years, serving about three million people annually. CETA's job placement rate had been only 30 to 40 percent, and it had had only a "minimal" impact on the earning capacity of participants, while being plagued by problems of political patronage, fraud, waste, heavy Federal intervention, and regulation. At a cost of \$2.4 billion, the Administration's program would serve one million persons out of an eligible population of 5.2 million (1.8 million disadvantaged youth aged 16-25 and 3.4 million welfare recipients). Seventy-five per cent of all funds would be spent on training, as opposed to 18 per cent in CETA, where 44 per cent of funds were spent on stipends. Administrative overhead and support services would be limited to 25 per cent of funds.

Angrisani, stressing that motivation was a necessary ingredient for successful training, believed that eliminating stipends would not create "a major stumbling block for those who want training." Lovell added that in the past some participants had come for "the money, not the training," and they must be weeded out. The no-stipend program would be a "self-evaluating tool" for local program planners and operators, who would have to offer an effective program in order to keep up enrollments

(ETR, 13:27:699-700). This was a cynical justification for not offering stipends.

A Comparison

All the major proposals were now before Congress. The Hawkins bill could be called the most "liberal," as it proposed the largest expenditures, the most Federal involvement, and a continuation of most Carter Administration policies, while the Administration bill was the most "conservative," offering the least money and Federal involvement. The Quayle and Jeffords bills fell somewhere between the other two bills. A comparison of the major provisions of the bills shows the key areas of agreement and disagreement.

Funding

The amount of authorized funding was a major area of disagreement, even though the Budget Committees had a superordinate authority over any figures the employment committees might set. The Hawkins bill would provide \$5.0 billion in FY83, with \$3.0 billion for state and local programs, \$0.5 billion for displaced workers, and \$1.5 billion for national programs. The Quayle bill called for \$3.9 billion, with \$2.96 billion for state and local

programs, \$0.1 billion for displaced workers, and \$0.836 billion for national programs. The Jeffords bill would make FY83 a transition year in which to wind up CETA programs, with \$3.6 billion for CETA and the Employment Service combined. In FY84, the first year of the new program, \$4.0 billion would be authorized: \$2.0 billion for local training and labor exchange activities, \$0.56 billion for state programs, and \$1.4 billion for national programs, including displaced workers. Finally, the Administration bill called for a FY83 authorization of \$2.387 billion, with \$1.8 billion for state and local programs, \$0.200 billion for national programs, and \$0.387 billion for the Job Corps.

Each bill suggested slightly different formulae for distributing funds to the states, but all were based on percentages that reflected the state's share of youth, unemployed, disadvantaged, or, in the case of the Administration bill, the state's share of welfare recipients. All the bills allocated most of the funds to state and substate program operators, with some funding reserved for the use of the Governor.

Service Delivery Areas

The delineation of service delivery areas (SDAs) was another area of disagreement. The Hawkins bill, quite similar to CETA, allowed the Secretary of Labor to designate local political jurisdictions of 100,000 or more as service delivery areas. In addition, all existing CETA prime sponsors would be eligible to continue as service delivery areas for five years (the "grandfather" clause). In the Quayle bill, current prime sponsors' areas would be used until the governor proposed tentative changes, or the prime sponsor and the PIC petitioned the governor for a change. The governor would have the discretion to subdivide the state into SDAs. Local political jurisdictions with a population of 250,000, or where the local officials and the PIC requested the governor, must be designated as SDAs, unless the PIC and the governor raised substantive objections. Then the Secretary of Labor would decide the dispute.

In the Jeffords bill, the governor, with the approval of his state board, must divide the state into labor market areas. Local political jurisdictions of 200,000, or consortia of jurisdictions with a combined population of 200,000, must be named labor market areas unless the Governor objected. Again, the Secretary of Labor would

resolve disputes.

The Administration proposal would give the power of designation of substate SDAs to the Governor's Job Training Council, with his or her approval. Jurisdictions of 500,000 or more would be eligible to apply for designation as substate SDAs.

Planning and Program Administration

In the area of planning and program administration, all the bills would, to varying degrees, strengthen the input of private industry. Hawkins' bill would require a PIC with a majority of the members from business and industry, and other representatives from labor, education, community-based organizations, and economic development agencies. PIC members would be appointed by the local chief elected official. The program plan would be jointly developed by the prime sponsor and the PIC, and would have to be approved by a majority of the PIC. If the prime sponsor and the PIC disagreed, the Secretary of Labor could have another agency develop the plan. Plans would be submitted to the governor for review, but the Secretary of Labor would have final approval.

The Quayle bill had three differences from the Hawkins bill. First, PICs would actually plan programs, and could administer them. Second, PIC business and industry members must be nominated by "local general purpose business organizations," such as the Chamber of Commerce. They must be "owners, chief executives, or officers of business concerns who have or have had profit or loss experience for an autonomous part of a business." This reflected the concerns voiced by business during hearings that local elected officials sometimes appointed political cronies rather than bona fide representatives of business. Third, the governor could resolve disputes between the prime sponsor and the PIC, although his decision could be appealed to the Secretary of Labor.

The Jeffords proposal provided for unitary planning and administration by a Labor Market Investment Board, with a membership similar to Quayle's PIC. The state Labor Force Investment Board would approve local plans, with the Secretary of Labor to resolve disputes.

The Administration bill's planning function resembled Quayle's. Each substate area must have a PIC. In areas of over 500,000, the local officials could develop the plan and run the program, but the PIC must approve the plans and programs. In smaller substate SDAs, the

governor's council would designate the entities to plan and run individual programs.

Training Activities

All of the bills authorized a wide range of education and training activities; in fact, little attention was paid to actual training-program content, except for the Jeffords bill's provisions establishing two "tiers" of training, short- and long-term. All of the bills required a substantial setaside of monies for youth programs. All the bills authorized supportive services of various kinds, with the Administration bill limiting funding of such service to 10 per cent of the total.

Administrative Costs and Training Allowances

All the bills placed limits on administrative costs, which were widely considered to have been too high under CETA. Jeffords would allow 10 per cent for administrative costs, Hawkins and the Administration 15 per cent, and Quayle 20 per cent.

The payment of training allowances was another area of dispute. The Administration bill provided for no allowances. Quayle permitted no allowances, except for "modest sums" as rewards for successful program

completion, or reimbursement for a trainee's cost of participation in training. The Jeffords bill permitted allowances, with the maximum amounts set in relation to the Bureau of Labor Statistics' low income standards. The Hawkins bill continued the CETA system of allowances, which required that participants in training be paid an allowance, in most cases the minimum wage. Only Hawkins retained the idea of employment training as an income supplement as well as a training program.

Performance Standards and Incentives

All the bills required the Secretary of Labor to develop program performance standards for youth and adults. By performance standards, the Congress and Administration meant output measures, such as the rate that program completers entered unsubsidized employment or the program cost per trainee, rather than requirements affecting program process or structure. The Republicans were fond of calling output measures "bottom line" performance standards.

All the bills provided for incentive bonuses for particularly effective service providers. Similarly, all provided for state programs separate from local efforts.

Conclusions--Agendas and Issues

One theme that has received relatively little attention in the literature of policy making is that of expectations (Ripley and Franklin do discuss expectations of cooperation in a subgovernment [1980:89-91]). Expectations, while not easily subject to study using current academic methods, are among the most important factors in producing legislation. Legislation is shaped according to the expectations of its framers of what their colleagues will accept. Thus, for example, the folklore of the Senate distinguishes between the majority (members of both parties) who are "in the club," who work within the seldom-stated but widely-perceived collegial bounds of common expectations, and those who are outsiders or "mavericks." While mavericks may view themselves as men of principle, they are often considered by the majority to be politically naive, persons who influence the course of events less than they could.

The calculus of expectations is strongly related to the process of winnowing the issues. Faced with a strong challenge from the new Administration (even though they did not yet know any specific details of what that Administration would support), the employment training subgovernment reacted according to new expectations. For

example, even the Hawkins bill, which was the most activist, the closest to Carter Administration policies, and the most redistributive in design, omitted the earmarking of funds to community-based organizations, national outreach organizations, and labor unions. Hawkins must have considered such provisions hopeless, given the current political expectations; thus, former members of the subgovernment in good standing were banished, and their proposals winnowed out of the policy process.

Of the major issues to be resolved, funding could be viewed as both a redistributive and distributional issue. In its redistributive aspect (how much money would be spent on stipends or wages for the disadvantaged who were in training), the question was sharply partisan, with Democrats the champions of the disadvantaged. In its distributional aspect, the funding issue represented a power struggle between state, local, and business interests. Party lines were not quite so sharply drawn, though most Democrats favored local government interests, while the Administration represented the states and Congressional Republicans looked out for business interests. The divisions were reflected in the different approaches to planning and administrative powers, as well.

Employment training policy professionals appear to have had substantial influence on the content of the bills, although at this point many provisions were still undefined. One exception was the almost complete lack of Congressional interest in the content of training programs; only the Jeffords bill attempted a redesign of program content, based on the recommendations of Taggart and Mangum (discussed in Chapter Five).

In the choice of those to be served, the overriding commitment to budget-cutting drastically narrowed the focus of the bills. Skill upgrading was excluded, despite the combined support of business and labor, and the recommendations of the National Commission for Employment Policy (NCEP, 1980). Displaced workers, the third needy group identified by the NCEP, would receive only token funding. Not even the Hawkins bill would restore all the cuts in CETA already made by the Reagan Administration. Although unemployment was rising, the idea of using employment training programs as an anti-recessionary tool was a dead letter.

Once the four major employment training reauthorization bills had been introduced, the subgovernment was structured for compromise bargaining, illustrating the distributive mode of policy making

(Ripley and Franklin, 1980:88-94). As a newcomer to the subgovernment, the Administration's role is especially interesting. Slow to get organized in the employment training policy area, the Administration introduced virtually no new ideas to the policy process. Their program was presented in a rather sketchy fashion, and it did not introduce ideas new to the subgovernment.

The Administration's success lay in imposing some of its overriding political expectations (budget-cutting, "new Federalism") on the subgovernment. This shifted the context within which compromise would take place, pushing the projected compromise in a more politically conservative direction.

Once the four bills were introduced, the formal agenda for decision-making had been set. In the next chapter, we will see how interest groups reacted to that agenda.

CHAPTER 8

REACTIONS AND LOBBYING

"Many who regarded legislation on the subject as chimerical, will now fancy that it is only dangerous, or perhaps not more than difficult. And so in time it will come to be looked on as among the things possible, then among the things probable;--and so at last it will be ranged in the list of those few measures which the country requires as being absolutely needed. That is the way public opinion is made."

--Anthony Trollope, Phineas Finn

Once the four employment training reauthorization bills were introduced, the greatest further winnowing of options would take place in the subcommittees. In each subcommittee, two competing bills had to be molded into one that was acceptable to the subcommittee's majority. At the same time, the subcommittee must keep abreast of developments in the other House, in order to take into account possible conflicts and compromises in the Conference Committee. Lobbying is often intense during the stage of subcommittee markup since the form of bills

is still relatively fluid then; at each succeeding stage, options are fewer and positions progressively harden, as issues are reduced to only one dimension, with a "liberal" or "conservative" position (Kingdon, 1981:290-291; Ripley and Franklin, 1980:92-93). This chapter examines the positions most strongly supported by employment training interest groups during subcommittee and committee consideration of the four CETA reauthorization bills.

Private Sector Influence

During the period when House and Senate subcommittees were marking up employment training bills, the attention of business organizations was centered on two issues: the role of the private sector in the planning and administration of local employment training programs, and the need to provide skill training.

The National Alliance of Business (NAB) took the lead role. Although many business organizations supported the continuation of employment training programs in some form, the NAB spent the most time working to influence the specific content of the new legislation. The NAB, along with the National Association of Manufacturers and the U.S. Chamber of Commerce, quickly declared their support for the Administration bill, while the Business Roundtable

and the Council on Economic Development made general statements supporting increased private-sector involvement in employment training programs (U.S. Congress, 1982c:46-60).

The NAB also praised the Quayle bill, although it pressed for still more changes to "depoliticize" employment training by removing local governments from control of the programs. NAB needed to comment on the Quayle bill as well as the Administration bill, since they did not know which bill would provide the skeleton for mark-up and subcommittee passage.

The NAB supported a strong governors' role at the state level, service delivery areas (SDAs) drawn on the basis of labor market areas, and planning power for the PICs. They were concerned about the strict targeting requirements contemplated by Quayle. In their view, greater flexibility was needed, and targeting programs exclusively to the economically disadvantaged would discourage business participation; the requirement that 100 per cent of participants be disadvantaged should be reduced to 75 or 80 per cent, which would make it possible to serve dislocated workers quickly, rather than waiting until they were destitute and dependent on welfare (EIR, 13:22:563-564).

The NAB also strongly supported the labor market area as the basis for establishing SDAs. They contended that this would overcome the split between the inner cities, where the unemployed reside, and the suburbs, where the jobs are. Consequently, governors should be required to establish new SDAs, rather than being simply allowed to do so, as the Quayle bill suggested.

Within the states, the powers of the PICs should be expanded at the expense of the prime sponsors. According to NAB President William Kolberg, the PIC's powers should be further expanded to remove dependence on the prime sponsor for administrative funds--"the absence of such protection is killing the PIC system right now." Most important, the new system, whatever its details, must make a clean break with CETA, which "has lost all credibility" (ETR, 13:22:563-564).

The PIC issue was the main focus of hearings held in New York City under the sponsorship of Representative Hawkins' Subcommittee on Employment Opportunities of the House Education and Labor Committee. The principal question was how much authority the PICs should have.

Speaking on behalf of the PICs of New York, New Jersey, Puerto Rico, and the Virgin Islands, Herbert Dahm said that PICs should be able to run their own programs. Confining business to an advisory role would guarantee non-involvement, he said. Dahm also opposed the labor market area approach, since areas within a single labor market area, for example a city's inner city and its suburbs, can have very different problems (U.S. Congress, 1982b:582-597). Thus, there was disagreement within the business community itself over whether inner city and suburban programs should be linked.

Ted Small, president of the New York City PIC, stressed the importance of the private sector in training, but said that business didn't want to handle "public" decisions like who to serve. Small disagreed with the Administration and Quayle-Kennedy proposals to eliminate stipends and allowances; a new worker hired by business receives wages while training, and so should publicly-funded trainees. If stipends were dropped, participation might be confined to the most disadvantaged (those on welfare) and the least disadvantaged. The middle groups might prefer to remain in a low-paying, dead-end job rather than enter a training program and accept an immediate economic loss (U.S. Congress, 1982b:388-396).

Another suggestion would have expanded the geographical jurisdiction of the PIC while retaining the prime sponsor system. Lillian Roberts, industrial commissioner of the New York Department of Labor, supported a new middle-of-the-road proposal to expand state authority. Her "appendage" to the Hawkins bill would give the state the power to define labor market areas that could include several prime sponsors. Although the existing prime sponsor system would remain intact, each labor market area would be served by a single PIC. This could overcome the parochialism of the prime sponsor system. According to Roberts, current prime sponsors didn't know what was going on outside their boundaries, and thus failed to train people for jobs that did exist, and also trained people for jobs that did not exist. In addition, they were unable to coordinate their efforts with state-wide programs (U.S. Congress, 1982b:342-381). Hawkins replied that it was better to offer incentives for the formation of larger area consortia rather than mandating labor-market-area PICs, but Roberts said that incentives weren't substantial enough and "leave too much to chance" (U.S. Congress, 1982b:342-381).

Studies of the actual records of PICs under CETA produced rather modest assessments of their uses. Richard de Lone, President of Public/Private Ventures, a non-profit corporation that focuses on economic development and employment training issues, presented the results of a four-year study of PICs to a joint Congressional hearing.

The study concluded that while new legislation should allow and encourage the emergence of private sector-led boards with broad responsibilities, "expectations should be modest." "The private sector is not everywhere ready or inclined" to accept responsibility for employment training of the disadvantaged. PICs had played a very limited role in CETA, by their own choice. While state and local officials should make the expansion of the private sector's role a high priority, they should themselves remain the spine of the system, to "provide continuity if private interest waxes and wanes, and to assure that programs and policies do serve the populations targeted by legislation and political mandate."

Public/Private Ventures found that PICs tended to serve "less difficult populations." This propensity raised the question of whether business-oriented training programs would be sufficiently interested in serving those who were being targeted by the Administration. (U.S. Congress,

1982e:748-766).

Elements of the business community interested in upgrading and retraining issues took a slightly different tack--they found a new forum for their views. Perhaps sensing a dim prospect for the inclusion of substantial funding for retraining in the employment training bills currently under consideration, the House Budget Committee held hearings on retraining needs at which several business representatives and a member of the National Commission for Employment Policy testified on the merits of a new approach to retraining.

Pat Choate, of TRW, Inc. (his book on the need for massive investments in infrastructure, America in Ruins, was making a stir at the time), suggested that the creation of a self-financing employer/employee training fund, based on the Individual Retirement Account (IRA) model, was the best way to meet the retraining and reemployment needs of workers displaced by technological change and economic developments. The training fund would be based on a 50/50 match from all workers and their employers, up to a specified amount. The money would be made available to displaced workers in the form of vouchers that could be used for retraining, job search, and relocation costs. While this system would serve the

dislocated worker, the need for upgrading and advanced skill training for employees would continue, and should be borne by private industry, since the training would be highly job-specific. Choate thought tax credits would be "the most effective direct means of providing incentives to upgrade or retrain the workforce" (U.S. Congress, 1982c:85-112). Franklin Lindsay, chairman of the executive committee of Itek Corporation and of the research and policy committee of the Committee for Economic Development, also supported joint contributions to a pension-type fund, to be used by dislocated workers (U.S. Congress, 1982c:85-112).

Dan Saks, formerly staff director of the NCEP and then a guest scholar at the Brookings Institution, advocated an expanded Social Security system of human resource accounts.

As students, people can borrow against the account; as workers, pay into the account; and as dislocated workers, use the account to pay for job search assistance, retraining, relocation, and perhaps even early retirement and training for their children if they die or are incapacitated (U.S. Congress, 1982c:72-84).

Isabel Sawhill, a former member of the NCEP (and an employee of the Urban Institute), agreed with Saks, and added that

assisting dislocated workers is important not only because of the possible hardship that plant shutdowns or layoffs may impose on individuals and their families but because a mechanism is needed to induce workers to accept industrial change. In the absence of such a mechanism there will be strong political pressures to bail out weak industries, to discourage imports, and to introduce more restrictive work practices or job protection schemes (U.S. Congress, 1982c:2-22).

Witnesses agreed, however, that Federal efforts would still be needed to help the disadvantaged. Taking a more cautious view, consulting economist Anthony Carnevale said that, given the climate of recession and high unemployment, it would be "difficult to get workers to agree to a program that would further reduce real income" (U.S. Congress, 1982c:113-160). William Kolberg of the NAB added that current high budget deficits worked against introducing new tax credit incentives. Moreover, he noted that the resource base for self-financing schemes, such as a training IRA, shrinks during a recession, citing the experience of the unemployment insurance funds (U.S. Congress, 1982c:60-72).

Although it received a respectful hearing, the idea of a "training IRA" was not seriously considered as a component of employment training legislation in 1982. The proposal gained considerably more publicity in 1984 when it was promoted as one of the "new ideas" in the Presidential campaign of Senator Gary Hart of Colorado.

As the debate on employment training proposals sharpened, business interests faced a dilemma. Their specific interest in skill training and their reluctance to embrace strict targeting of the disadvantaged clashed with their broader commitment to the Reagan policy of budget cutting. Also, it would be a mistake to consider "business" a monolithic interest group. Business groups involved in the employment training subgovernment represented only a minority of all businesses; during the debate over JTPA, larger, more general-purpose business groups (even other divisions of the U.S. Chamber of Commerce) were supporting the Administration's plans to cut all social spending, and did not care to single out specific programs to be excepted from cuts. The Administration successfully practiced issue expansion on the business community, appealing to a broader and more ambiguous set of values. In the end, the broader commitment would prevail.

Community-based Organizations

Aside from business, the principal private sector lobbyists were the community-based organizations. They showed little interest in the relative power of PICs, except to assure that community-based organization representatives would continue to have reserved slots on

the PICs.

Outreach agencies were afraid that they would be losers in the legislative process, and, in truth, things looked bad for them. They had received substantial funding through national contracts with the Department of Labor under CETA, and all the Reagan "New Federalism" initiatives would drastically cut national program funding. Also, some of the largest outreach agencies were closely identified with the Democratic Carter Administration; for example, Ernest Green had left the leadership of RTP to become Assistant Secretary of Labor under Carter (the position Albert Angrisani held under Reagan). Community-based organizations attempted to salvage what they could from the Congress.

In an interview with the editors of ETR, a SER-Jobs for Progress spokesman praised the Quayle bill's emphasis on improved relations with the private sector, as well as the intention of measuring programs according to performance rather than process. But he argued that the draft failed to provide for sufficient representation of the client community, and there should be more emphasis on the role of community-based organizations. Also, SER opposed the shift away from prime sponsors, since the prime sponsor system was just beginning to work well (ETR,

13:26:684-5).

In hearings, Richard Cherry, senior vice president of the New York Urban Coalition, defended the positive role of community-based organizations. Arguments about state or local control missed the point, he said; as long as community-based organizations were given an important role and substantial autonomy, training programs would run effectively. (U.S. Congress, 1982b:405-419).

Reverend Leon Sullivan, head of Opportunities Industrialization Centers (OICs) of America, said that the cost of crime would be future evidence for the need for more training services. The "question then will be riots? or jobs?" (U.S. Congress, 1982e:131-146).

Labor union representatives were publicly less concerned with the details of a new program structure than with funding cutbacks. Compared to the needs caused by rising unemployment, even the Hawkins bill fell far short of the effort needed, they felt. The AFL-CIO executive council called for a program to provide training for the unemployed and public service jobs for the long-term unemployed. The AFL-CIO proposal would bring employment training funding up to at least \$5.6 billion. The council also opposed the enterprise zone concept (ETR, 13:24:642). At hearings, AFL-CIO spokesmen defended CETA's record,

citing studies that showed positive cost-benefit ratios. David Livingston, of District 65, United Auto Workers, warned that dramatic action was needed to halt the nation's slide into depression. More specifically, he also defended the practice of paying stipends during training (U.S. Congress, 1982b:396-402). In lieu of an even larger program, the AFL-CIO supported the Hawkins bill, with increased funding (U.S. Congress, 1982e:2-35).

Advocates for Youth

The youth training portions of the bills attracted their own coalitions of interest groups. They were stimulated by the release of a study performed by the Congressional Budget Office (Christensen, 1982).

Part of the study dealt with CETA youth programs. Studies of youth employment training programs produced four main findings:

1. Work experience alone, such as summer job programs, did not increase employability for youths.
2. Substantial gains in employability resulted from a combination of services, including remedial education, well-structured work experience, and training.

3. Imposition of minimum behavioral and program performance standards was important to program success, and the "failure to weed out noncooperative participants [was] self-defeating" (Christensen, 1982:60-7).
4. Placement services and job-search training appeared to be low-cost and effective ways to increase short-term employment rates for job-ready youths.

The report suggested that the existing youth employment training system be retained but improved by forward funding (guaranteed appropriations more than one year in advance), program consolidation, greater emphasis on training and education (as opposed to subsidized employment), greater training incentives for private employers, less emphasis on income transfers, and targeting of funds to distressed areas rather than disadvantaged individuals (Christensen, 1982:70-76).

The Youth Practitioners Network, a coalition of 208 members from PICs, prime sponsors, education, state employment agencies, business, and community-based organizations, published a report entitled Focusing Better on Youth: Legislative Recommendations From the Field (1982). The Network's coordinator, Erik Butler of

Brandeis University, told the editors of ETR that the Network would prefer the Hawkins bill, but, given political realities, they focused their comments on the Quayle-Kennedy bill, which was "not all that bad, and in some cases quite good." But even Hawkins' \$5 billion in funding would be inadequate to meet training needs. Since the Quayle-Kennedy bill was about "midway between the Hawkins and the Administration bills," it would likely be "the rack on which all other amendments [would] be hung" (ETR, 13:27:704-5).

The highlights of the Networks legislative recommendations were as follows:

1. They agreed that eligibility should be restricted to economically disadvantaged youth, except for 10 per cent discretionary funds.
2. There should be a 50 per cent funds setaside for youth services.
3. They would prefer local control to state control; a locally-administered system would "best represent the interests of disadvantaged young people."

4. They had mixed feelings about the proper role and influence of PICs.
5. Keeping in mind the political reality of fewer Federal dollars, they did not oppose the elimination of some stipends, but they maintained that some youths could not participate without financial assistance.
6. Short- as well as long-term performance standards should be devised. Short-term standards should be 1) the entered employment rate; 2) improvement in educational status; 3) improvement in measured competencies. Long-term measures should be developed after a six-month or one-year follow-up study of participants. (ETR, 13:27:705-6).

In the balmier climate of the Carter Administration, youth employment training organizations expanded rapidly, made plans for the future based on the youth training legislation that failed to pass in 1980, and seemed to be carving out a subgovernment for themselves. A separate role for youth employment training was never well-enough established to represent a real youth subgovernment, so although the retrenchment of the early 1980s cannot be termed subgovernment disintegration, youth organizations had to be content to try to earmark a

percentage of employment training funding for youth programs within an integrated training structure.

State or Local Control?

During the days the employment training bills were in committee, the most energetically-lobbied issue was the question of the relative powers to be given to state and local governments. We should expect this distributive issue to be settled incrementally, but the issue of program structure seemed to demand a choice of one level of government or the other as chief administrator.

City and county interests naturally preferred the Hawkins bill, which protected the current prime sponsor system. However, given the Administration's political popularity and early success, it was highly possible that the Quayle or Administration bill would be the basis for new legislation, so they wanted to influence the shape of those bills as well.

As soon as the major bills had been introduced, the National Association of Counties (NACO), National League of Cities (NLC), and the U.S. Conference of Mayors (USCM) joined forces to issue a joint policy statement, in which they agreed on four basic principles that should govern

new employment training legislation:

1. CETA was still effective and should continue to exist; it did need more involvement from the private sector.
2. Service Delivery Areas (SDAs) should be determined by statute, not by the governors.
3. Chief elected officials should have the right of first refusal to act as a prime sponsor.
4. The Private Industry Council (PIC) should have limited concurrent planning authority.

NACO's Associate Director, Jon Weintraub, told the editors of ETR that NACO was firmly committed to the Hawkins bill, because it would give a primary role to the authority of locally elected officials, while also providing a strong role for the business community. NACO had two major concerns with the Quayle bill. First, the revised PIC would have the responsibility for planning, while programs could be administered by another body--presumably the existing prime sponsor or a local government agency. This would create the potential for setting up rival bureaucracies and adversary relations.

Second, the question of accountability was not clearly answered. "If performance isn't up to standard, who should bear the responsibility," the groups that planned the programs, or the group that implemented the plan? The Hawkins bill would avoid these problems by establishing a single agency to plan and operate employment training programs at the local level.

NACO did not support the Jeffords bill because it would not "continue the special Federal-local relationship within the existing prime sponsor system and [would] not continue a level of authority for the elected county officials." Jeffords' bill was also "far too prescriptive" (ETR, 13:23:601).

The USCM's Director of Employment Services, Steve Cain, told ETR that they were backing the Hawkins bill because it strongly supported locally operated programs and recognized that "locally elected officials are more responsive to the community." USCM was critical of the Quayle and Jeffords bills for much the same reasons as NACO (ETR, 13:23:600-602).

After the Administration bill was formally introduced, the city and county associations all reacted negatively. All the associations criticized the bill's low funding levels and narrow eligibility standards. A

USCM spokesman noted that children would be allowed to participate, while the heads of the households they lived in would not.

USCM, NLC, and NACO all challenged the granting of supreme authority to the states. NLC welcomed the change in the latest draft that required the selection of cities with a population of 500,000 as substate delivery areas, rather than only allowing it, but found the cutoff limit too high, as did the NACO, which said that the CETA limit of 100,000 should be retained. NLC praised the change to give local PICs the authority to designate local administrative entities and select the services to be delivered, rather than assigning those powers to the state as in an earlier draft (ETR, 13:26:684-5).

At House subcommittee hearings held in New York City, the viewpoint of mayors was typified by the testimony of Mayor Koch, who favored the Hawkins bill. He urged "adequate funding levels" (at \$5 billion, Hawkins was the highest), and said the Administration proposal represented a "40 per cent reduction from the skeletal levels at which we are currently operating."

Koch's major objection to the Hawkins bill was to the requirement that local PICs have veto power over prime sponsors' program plans. The private sector should participate in an advisory role only, since the considerations involved in providing employment training services to the disadvantaged differed from those businesses must meet in designing training for their own use. Also, "providing concurrent approval for program planning [by the PIC] while vesting accountability in the prime sponsor ...runs counter to sound management principles" (U.S. Congress, 1982b:336-341).

Appearing before the NLC, Senator Quayle tried to overcome what he called "local cynicism about governors." He assured the audience that his bill provided sufficient guarantees for an independent role for localities. "It [would be] very difficult, almost impossible, for a governor to overturn decisions jointly approved by local officials and the local PIC," he said (ETR, 13:26:680).

Not surprisingly, the viewpoint of governors was diametrically opposed to that of mayors. At the mid-winter meeting of the National Governors' Association (NGA), governors allied themselves with the Administration. In particular, the governors endorsed employment training block grants, which would give them

money with the fewest strings attached. Secretary Donovan appeared at the meeting, and said that job training could "be best handled by the states in conjunction with their local economic units" because governors best understand the changing demographics, economic forces, and skill needs within their states. He told the governors "your role is paramount. The Federal role is going to be minimal" (ETR, 13:25:654).

The NGA adopted a new position paper on employment training, in which they took a more conciliatory position towards the Administration, compared to earlier statements. The emphasis on the state's role in the NGA statement was similar to the Administration bill, but NGA rejected that bill's narrow targeting. The NGA proposal amounted to more than a replacement of CETA; it suggested a unified, state-run system offering services to all employers and workers. While the whole population had employment training needs, the three groups that needed particular attention were, first, those facing barriers to employment--minorities, youth, older workers, women, and the handicapped; second, individuals "failed by the conventional system"--welfare recipients, people with limited English proficiency, school dropouts, and offenders; and, third, dislocated workers. NGA also supported national programs for Indians, migrants, and

refugees.

The governors recommended that administrative control of the employment training system be in their hands. Thinking big, they suggested that the system should include not only the functions now served by CETA, but also those of the Employment Service and parts of unemployment insurance and welfare. The states would draw up a state plan and allocate employment training funds to substate delivery areas where needed (ETR, 13:25:664-5).

Governor Pierre du Pont of Delaware was the chairman of the employment training committee of the NGA. At CETA replacement hearings held by the National Commission for Employment Policy, he outlined a training program that would give virtually all authority to governors. Under his plan, states would receive block grants with no strings attached, though with 20 per cent matching funds required. State programs would be operated by public/private non-profit corporations whose members would be selected by the governor. Only the governor would have the influence and prestige to attract the individual decision-makers whose participation was necessary for program success, du Pont said. Local employment training councils would exist only if the state council thought it necessary, and funds should be completely untargeted.

However, training should be directed at prevention rather than remediation, with particular emphasis on the transition from school to work and from one job to another (ETR, 13:24:629-31; reprinted in Mangum, 1982).

Congress was far from resolving the issue of state versus local control. At joint hearings, the differences were obvious. On the House Subcommittee, there appeared to be little interest among the Democrats to make any changes in CETA beyond those contained in the Hawkins bill, while a Senate staffer told the editors of ETR that the Senate Subcommittee would be concerned with developing legislation that would pass the Senate, and would not be working with one eye on the House (ETR, 13:28:729). Susan Grayson, a House staffer, told the NCEP hearings that the locus of control issue could be the toughest to resolve, since Senators represent states, while Representatives represent localities (ETR, 13:24:630; a nearly identical statement appears at U.S. Congress, 1982d:475-485).

To summarize, the most heavily-lobbied issues can be grouped in four categories. First was the issue of funding, in many ways crucial to the determination of other issues. Second was the purely distributive issue of control, whether state or local, private or public. Third was the issue of targeting and the mix of services,

striking the balance between youth and adults, the hard-core disadvantaged and those who needed to upgrade existing skills, or who were dislocated workers. These issues had both distributive and redistributive elements. Finally there was the redistributive issue of stipends, or whether the new employment training law should have an element of income transfer as well as training.

Governmental actors spent most of their efforts trying to influence Congress on distributional issues, with attention to issues of program structure only inasmuch as Federal stipulations threatened to tie the hands of lower levels of government. The business community, while lobbying for more resources to be directed to them, began to cool its enthusiasm for Federally-funded training as it adopted the Administration's commitment to lower social spending in general; they decided they would prefer the Reagan tax cut to a red-tape-ridden subsidy. Community-based organizations and unions were left as the champions of more Federal spending and the old CETA structure, and their star was not in the ascendant in the rearranged political zodiac of the 1980s.

CHAPTER 9

JTPA--COMPROMISE AND PASSAGE

"E lascia pur grattar dov'è la rogna!"

[And let them go ahead and scratch where it itches!]

--Dante, Paradiso

One element, too little appreciated outside Congress, driving legislators towards incremental compromise is the sheer pressure of time. The incredible volume of policy issues before the Congress each session, combined with the myriad responsibilities of Congressmen and the current necessity for almost constant campaigning, all militate against the reflective consideration of radical policy innovations. Often, the practical choice is to compromise between existing preferences or do nothing. The deadline for the expiration of CETA--September 30, 1982--was a constant goad to the deliberations of the subcommittees and committees. No one wanted simply to cancel all

employment training programs on October 1, and merely to extend CETA for a term of months would be a de facto victory for anti-training forces and a defeat for the subgovernment. Time pressures will not be mentioned at every juncture in the process of compromise on JTPA, but they should be kept in mind.

During markup, the House Subcommittee on Employment Opportunities was able to compromise on almost all of the issues separating the Hawkins and Jeffords proposals. Where a conflict remained, Representative Hawkins' view prevailed with the subcommittee. Although there were few important differences, the bill the subcommittee marked up was actually a new version, introduced as an amendment in the form of a substitute for the original bill. Public service employment was retained in the bill, and the funding authorization was actually increased, from \$5 to \$6 billion (ETR, 13:30:779).

One issue left unresolved was that of setting the minimum size of the prime sponsor area (these areas came to be called "service delivery areas" in JTPA). Jeffords tried to amend the bill to require that cities have populations of at least 200,000 to automatically qualify as prime sponsors, but the subcommittee accepted Hawkins' compromise figure of 125,000. Under CETA, the minimum

figure had been 100,000, which meant that most cities could be prime sponsors, with the programs under the de facto control of the mayor. In fighting to keep the population minimums low, the Democrats were protecting the interests of mayors. Larger minimum population requirements meant that many service delivery areas would consist of consortia of local governments, requiring more higher-level coordination and increasing the de facto influence of governors; the Republicans favored this approach.

Each prime sponsor would have a private industry council (PIC), dominated by representatives of business. The bill retained a joint planning role for PICs with prime sponsors. No funds could be spent without approval of the PIC, which would have "active participation" in planning, as well as its own paid staff. PIC members would be appointed by the prime sponsor from nominations made by appropriate groups, and could not be removed without cause. The subcommittee resisted attempts by Representative Weiss (D-NY) to weaken the authority of PICs or their control by business. Representative Harold Washington (D-IL) added requirements that PICs and state employment training councils "reasonably" reflect local demographics, and that minority businesses be represented on PICs.

In an attempt to add stability to the operation of training programs, the planning process was made biennial rather than annual. The governor was given the power to propose changes in the plan before sending it on to the Secretary of Labor for final approval (ETR, 13:30:777).

The state would be given greater input into coordinating training programs with educational agencies and other state agencies, and new restrictions were placed on the composition of state training councils: 25 per cent of members must come from business; 25 per cent from the state legislature or state training-related agencies, 25 per cent from units of local government, and 25 per cent from the general public, organized labor, and community-based organizations (ETR, 13:30:777-778).

Eligibility criteria for Title II (employment training services for the disadvantaged) were retained, targeting 90 per cent of funds for the disadvantaged. Half of prime sponsor funds would be targeted to youth aged 16-21, with some flexibility according to demographic factors. Jeffords' proposal for "try-out" employment for youth was adopted.

Title III, for displaced workers, was also changed. The Secretary of Labor would retain 25 per cent of Title III funds for distribution as the need arose, with the other 75 per cent distributed to states (with a 50/50 state matching requirement) according to formula. National programs would be retained, with PSE allowed under another name. The National Commission on Employment Policy would be expanded from 15 to 19 members, with two each to be appointed by the House and Senate leadership (ETR, 13:30:779).

The treatment of allowances was changed. The subcommittee adopted the Jeffords approach of allowances on the basis of need, according to several formulae. Here, Hawkins retained the principle of allowances, while retreating from the CETA regulation that all trainees be paid at least the minimum wage. Incentive bonuses for successful completion of training were also authorized (ETR, 13:30:778).

While conceding relatively little, Hawkins was able to unite his subcommittee, except on three points: the size of prime sponsor areas, the provisions to allow public service employment, and the level of authorized funding. At this point, the funding issue was not critical to the subcommittee, since determination of

funding levels was largely out of their hands. The House and Senate Budget Committees were wrestling with budget limits, as the battle over the size of the budget was the most high-profile issue before the Government during the Spring of 1982.

The situation of the subcommittee illustrates one of the major structural difficulties of the legislative process. The subcommittee was forced to design a program without knowing how much money they would have to spend on it; they could only guess that the final appropriation would be something between \$1.6 and \$6 billion (more realistically, they were probably expecting a compromise between the Administration's \$2.4 billion proposal and Hawkins' \$5 billion figure; privately, Democrats said they would be happy to retain funding at about the current level--\$3 to \$3.7 billion). Members of the subcommittee had to make a political judgment about how much money would be forthcoming, and tailor a program of the appropriate size.

It was obvious that the more general, partisan struggle over the size of the Federal budget would be the main determinant of the size of employment training programs. At a U.S. Conference of Mayors meeting, Rick Praeger, a staff member from the House Budget Committee,

predicted that employment training funding would fall somewhere between \$3 and \$6 billion, but emphasized that funding for employment training programs would not be determined on the merits of the programs, but as part of a much larger issue of how all discretionary domestic spending would be treated in the current budget negotiations (ETR, 13:33:855).

Conflicting "Compromises"

While the employment training bill was proceeding smoothly through the House, negotiations in the Senate broke down after the Administration apparently committed a political blunder. Secretary Donovan and Senator Quayle announced agreement on a compromise bill they said combined the best features of the Administration bill and the Quayle-Kennedy bill, only to see the "compromise" blow up and the Senate subcommittee markup cancelled, throwing the bill behind schedule. Quayle had apparently worked out a compromise with the Administration, but someone failed to get Kennedy's approval. Senator Kennedy's office received the compromise bill March 29, and the Department of Labor issued a press release announcing the compromise that afternoon, before receiving any word from Kennedy. An aide to Kennedy told the editors of ETR that "the senator felt that the Administration had not given

him sufficient time to consider the proposed compromise before making a public announcement that agreement had been reached." The staffer added that "no one is committed to anything now," and the markup was cancelled (ETR, 13:30:780). Another Kennedy aide, Kitty Higgins, told a conference held by Microeconomic Policy Counselors that the Administration "wanted Kennedy off the bill" (no longer wanted him as a cosponsor). While it is impossible to know for certain, one could speculate that this was the first indication by the Administration that it sensed some political advantage in passing an employment training bill, in which case it did not want to share the credit with Senator Kennedy.

Some details of the failed "compromise" were reported, and they give us an idea of the common ground between the Administration and Senate Republicans:

1. No funding level was set.
2. The designation of substate service delivery areas would be determined by S. 2036, but the minimum population necessary to be assured prime sponsor status was changed to 400,000 (the Administration bill's figure was 500,000, the Quayle bill's 250,000).

3. The delivery system would work primarily through block grants to states, but there would be separate titles for displaced worker programs and national programs.
4. Program services would be limited to the disadvantaged, with a 50 per cent setaside for youths aged 16-25, in or out of school.
5. No stipends would be allowed; supportive services would be capped at 15 per cent, not 10 per cent as in the Administration bill. Supportive services could include "temporary cash payments to individuals to enable them to participate in training" (ETR, 13:30:780-782).

Immediately after the failed "compromise," Assistant Secretary Angrisani decided to give a long interview to ETR. He said that the failure of the compromise bill did not change the fundamental principles in the Administration's proposal, which were block grants to states, no wages or allowance, business involvement at the PIC level, and training in occupations with skill shortages.

Despite recent studies that showed PIC-operated programs served a smaller percentage of youth, welfare recipients, and high school dropouts than other CETA programs, Angrisani did not think there would be more "creaming" in the new training program. The system would "be forced to serve a very specific market" of the disadvantaged. However, given that proposed funding of \$1.8 billion (the Administration's latest figure) would provide only "a 20 per cent market penetration" (there would be program positions available for 20 per cent of those eligible for participation), program operators would be looking for "the 20 per cent who will benefit most from the program."

Angrisani emphasized the need for highly-motivated participants. The Administration package would work "because there are no wages or allowance, and the person who gets into the program is really going to want to improve him or herself. ...What wages and allowances do is ruin the motivational aspects of the program" (ETR, 13:31:804).*

Angrisani expressed confidence that business could handle their new responsibility for Federally-funded training programs.

The business community has a real ownership in our

program. That should be enough for them to want to see it succeed. ...Although local officials will have to sign off on the plan, and submit it jointly, ...basically the initiative is with the PIC.

Angrisani admitted that the Administration's program would not address the problem of the shortage of skilled labor, which was forecast for future years. One program could not solve the need for skilled workers and the need to train the disadvantaged, and the new system would not try, he said.

It's enough of a problem just getting them [disadvantaged trainees] into the workforce. ...The real thrust of the bill is getting them into entry-level jobs and then letting the natural system take over.

Angrisani was disappointed that it was impossible to develop a truly comprehensive employment training system, as had been discussed the previous fall: "what makes sense [logically] doesn't necessarily make sense in a political environment" (ETR, 13:31:804-805).

*Critics of the Administration's plans found Angrisani's arguments objectionable. For example, George Washington University's Sar Levitan characterized the Administration's position as "let them eat training" (ETR, 13:32:832).

By the end of the Easter recess, Senators Quayle and Kennedy, but not the Administration, reached agreement on a "mark-up document" for the subcommittee. Quayle's tactic, reaching different "compromises" with Kennedy and the Administration, strikes me as surprising and rather creative. Senator Quayle never made it clear whether he had abandoned the earlier compromise for the later.

In the Quayle-Kennedy compromise, funding levels were not set, although Quayle said that he expected final funding of between \$3 billion and \$3.5 billion. Service delivery areas would be defined much as in the original Quayle bill, with a few exceptions. Local governments with populations over 500,000 must be accepted as SDAs. Applications from governments with a population of 250,000 or more must be accepted if they were supported by local business organizations. Applications from governments with a population less than 250,000 that were supported by local business organizations could only be rejected by the governor with specific findings of fact that a larger area would be more effective in promoting the purposes of the act--a vague clause that indicated the compromise was a shaky one. Rejections could be appealed to the Secretary of Labor. The state job training council (which could perform most of the duties of the governor), would be required to have 51 per cent private industry membership

and 20 per cent local government membership.

Eligibility requirements were changed slightly, so that 90 per cent of funds would be targeted to the economically disadvantaged, defined by low income (but participants need not necessarily be welfare recipients). Fifty percent of all funds would be reserved for those under age 25.

As in the House, the question of stipends produced a knotty compromise proposal; the compromise eliminated funding limits on supportive services, and changed their definition to include "necessary cash assistance payments to individuals to enable them to participate in training." It also would allow loans, to be repaid after training. Kennedy was forced to accept the end of CETA-like stipends, but left the door open for some cash payments.

Despite the compromise, Senator Kennedy said that he planned to offer more amendments in the full committee (ETR, 13:32:827-828). When assessing the tactics of both sides, it should be remembered that time was an important factor. According to the Reconciliation Act of 1981, if neither house of Congress passed a replacement CETA bill by September 10, 1982, CETA would be automatically extended in FY1983. This would be a failure for all sides, while in political terms the balance of power over

employment training programs would pass from the Congress to the Administration. Senator Kennedy could obstruct the progress of the bill in order to gain provisions he wanted, but too great a delay would be disastrous. The Administration could blame Congress for failing to produce new legislation, while retaining the power to change many of the features of CETA unilaterally, through changes in regulations.

The Administration was unhappy with the Kennedy-Quayle compromise. Assistant Secretary Angrisani, speaking to the National Association of Private Industry Councils, said that the new bill was too close to CETA, and if Congress refused to follow Administration principles, "job training isn't going to last." He added that employment training already had two strikes against it, MDTA and CETA (ETR, 13:32:827). Following the breakdown of the Quayle-Administration "compromise," the rift between the Administration and the Congressional Republican leadership steadily widened, with veto threats becoming less veiled as passage of the new employment training act came closer.

Meanwhile, a counterattack from the left was being prepared in the Senate. Senator Metzenbaum (D-Ohio) prepared four amendments for committee consideration that

would move the new employment training bill closer to CETA. Senator Metzenbaum's amendments would restore proposed Job Corps funding cuts, allow payment of wages for a summer youth program, provide displaced worker program funding of \$500 million (the original Quayle-Kennedy bill provided \$100 million), and allow any government unit with 100,000 population to be a service delivery area as long as it had local business support for its application (ETR, 13:32:829). Note that even Metzenbaum's proposals did not suggest retaining stipends for adults; that issue was now settled in the Senate.

Neither Metzenbaum's nor any other controversial amendments were considered during Senate subcommittee deliberations. The Quayle-Kennedy compromise passed with only a few minor changes, because members agreed to hold controversial amendments for full committee markup.

The reaction of the Administration was surprising. Secretary Donovan sent a letter to Senator Quayle in which he said that he was "extremely disappointed" that the Quayle-Kennedy compromise bill was marked up instead of the Administration bill or the earlier Administration-Quayle compromise. Donovan stated that "we entered into negotiations for a consensus bill at your request" and called Quayle's decision "an unexpected

turnaround" (ETR, 13:33:851). More interesting than the disingenuous tone of this letter was the decision to publicly chastise Senator Quayle. The Administration was slowly turning up the heat on its Republican colleagues, but it is entirely possible that this strategy was being followed with Quayle's cooperation; as the "good cop" in the negotiations (or as the British would say, the "wet"), Quayle could use the Administration's displeasure as a bargaining point with the Democrats.

Senator Hatch, chairman of the full Labor Committee, served as spokesman for the Administration after the subcommittee markup (although he voted in favor of the compromise, which passed 7-0). He said that the Administration objected most strongly to five features of the bill: first, the failure to prohibit allowances; second, the use of public sector employers to provide on-the-job training, which was too close to being public service employment masquerading under another name; third, the establishment of a loan fund to pay allowances to participants, a backdoor approach to stipends; fourth, the failure to limit support services to 15 per cent; and fifth, requiring pass-through funding to service delivery areas, instead of providing for state control of funding.

Hatch called the employment training legislation "one of the most important bills we have this year," and said "I've worked my tail off to reach an agreement," but warned that the Administration would not accept a "CETA revisited" (ETR, 13:33:851).

At this point, prospects for further compromise seemed poor. Kitty Higgins, Senator Kennedy's aide on the Senate Labor and Human Resources Committee, said that neither Kennedy nor Quayle was likely to move farther in the direction of the Administration position. In fact, she predicted movement in the full committee would be in the opposite direction, since Senators Weicker and Stafford, though Republicans (from Connecticut and Vermont, respectively), would support the Democrats in the full committee. Senator Hatch was anxious to work out a compromise, Higgins said, but the Quayle-Kennedy supporters were not very hopeful about the prospect of bringing the Administration into agreement with them (ETR, 13:33:854).

Without the need to worry about negotiations with the Administration, the House Education and Labor Committee completed full committee markup by the beginning of May. There were relatively few major changes made, and while the bill came marginally closer to the Quayle-Kennedy

compromise, it essentially ignored Administration proposals.

Most notably, the public service employment (PSE) title was removed from the bill, to be introduced separately as a job creation bill by Hawkins, with Jeffords' support. Hawkins agreed with Jeffords that PSE remained a problem to public perceptions, and was now politically unpalatable (ETR, 13:34:887). By permitting the PSE provisions to be removed from the bill and submitted separately, Hawkins insured PSE's defeat through inattention; the bill would have no chance of being considered by the House during the current session. Hawkins recognized that PSE was politically dead, but he preserved his status as its champion. After separating the PSE provisions from H.R. 5320 and incorporating them into a new bill (H.R. 6250), Hawkins managed to have the Education and Labor Committee pass the new bill, but it died in the full House (ETR, 13:35:935).

Earlier, I have called this tactic of splitting into new bills programs that cannot be passed a symbolic reward, but the tactic can sometimes have more than symbolic content. Many measures take more than one session to become law, and to achieve partial success during a session is the strongest foundation for the next

session's efforts. Passing a bill through a committee is often considered a good year's work by lobbyists taking the long view, as the quotation from Trollope at the beginning of Chapter Eight asserts.

The most severe split in the Education and Labor Committee was over funding. An attempt to reduce the \$6 billion authorization to the Administration figure of \$2.4 billion was defeated, but Hawkins accepted a figure of \$5.4 billion, reflecting a loss of \$850 million from the removal of PSE and an addition of \$250 million to training programs.

On the issue of service delivery areas (SDAs), Jeffords failed to raise the minimum population figure for a prime sponsor to 200,000. Hawkins, who had raised the limit during subcommittee hearings from 100,000 to 125,000, agreed to raise the limit further to 150,000 (cf. Quayle-Kennedy 250,000). Jeffords did succeed in eliminating the "grandfather clause" allowing current small prime sponsors to continue through 1988, and inserted a clause requiring those prime sponsors in a single labor market area to establish a joint PIC.

Republicans attempted to increase the power of the PICs, but without success. The Administration supported an amendment offered by Thomas Petri (R-WI) giving the PIC the responsibility for planning with the "subsequent concurrence" of the prime sponsor. This was apparently their calculation of how far they might be able to move the House, to establish a better bargaining position for joint conference. The amendment was rejected, however. Attempts to move the bill in the other direction were no more successful; the committee also rejected an amendment offered by Representative Ted Weiss (D-NY) to lessen the role of the PIC in the planning process (ETR, 13:34:887).

Representative Marge Roukema (R-NJ) introduced several amendments based on her bill H.R. 5852, to require that prime sponsors enroll at least 50 per cent of their adult participants in "customized" training programs, which were to include guaranteed hiring commitments from industry, and to offer bonus payments to employers who hired trainees at the end of training. Committee members were sympathetic, but agreed only to add a clause making the 50 per cent a goal and not a requirement.

On the subject of allowances, the committee rejected another Administration-backed proposal to make allowance payments optional at the discretion of the prime sponsor.

Instead, they would be dependent on need, according to a formula. Other amendments would allow 14 and 15-year-olds to participate in summer youth programs, and required the Secretary of Labor to establish research and evaluation programs (ETR, 13:34:888).

Committee Reports

The House Committee did not take a final vote on passage of H.R. 5320, but decided to wait until it was clear that the Senate would be able to act on its bill during the summer session (ETR, 13:34:887). In the meantime, however, the House Committee did release its report on H.R. 5320. Committee reports become part of the legislative history of a bill and are used to interpret congressional intent if questions arise about specific provisions of a law. The reports attempt to clarify legislative provisions.

According to the House report, if employment training programs were funded at the full authorization level of \$5.4 billion, approximately 2.25 million persons could receive services. According to the Congressional Budget Office, 16 million persons would qualify for Title II (training) alone, so only 14 per cent of the potential population could be served. Also, the \$5.4 billion figure

represented a 47 per cent cut from the 1979 authorization level, when unemployment stood at 5.8 per cent, compared to 9.4 per cent at the beginning of 1982 (ETR, 13:37:988).

The committee report paid considerable attention to the role of Private Industry Councils (PICs). The PIC would be established "as an independent board not subject to the control of a prime sponsor." It could function as an administrative entity or as a policy board, but "the division of functions and responsibilities should be determined locally in an agreement between the PIC and the prime sponsor" (ETR, 13:37:985). It was assumed that the administrative entity, whether it was the PIC or another body, would contract out services on a competitive basis, rather than operate its own programs.

Performance standards, as contemplated by the committee, should measure not only absolute outcomes, but also progress toward outcomes. The issue of designing performance standards for employment training programs is highly technical, and not really germane to this study; it is worth noting, however, that even the legislators in the employment training subgovernment found the issue confusing and never successfully came to grips with it. In the end, Congress left the definition of performance standards up to the Department of Labor in its regulatory

process; for the Department of Labor's guidance, the committee could do no better than the following rather ambiguous statement: "it is not the intention of the act to serve only the most job ready. It is the intention of this act to serve clients who can benefit substantially from participation" (ETR, 13:37:986). We can deduce that the committee was concerned that performance standards should not encourage "creaming," or serving only the easiest clients. The report specifically stated that cost per participant should not necessarily be considered an effective measure of benefit or performance. Here the committee was reflecting the concerns that many employment training professionals had expressed during hearings.

The committee warned that the Federal government should not specify the program mix, but leave that responsibility to the prime sponsors. Also, noting that previous studies had shown that longer term training had a more significant impact on earnings and employment, the bill "expressly prohibits the Secretary from disapproving any plan solely on the basis of the type and duration of training proposed" (ETR, 13:37:987).

The committee continued to make a case for stipends. Since only around a third of current CETA participants were receiving welfare or unemployment insurance

assistance, "there is an obvious need for a provision allowing for the payment of allowances for those not receiving any form of income assistance" (ETR, 13:37:986). While incentive bonuses on the completion of training would be allowed, the committee did "not believe that a substantial portion of funds should be used" for this kind of payment. Similarly, cash employment bonuses to employers who agreed to hire trainees upon completion of training would be allowed, but the committee did "not intend that employment bonuses account for more than one-half the wages paid to an eligible individual for the first six weeks of employment beyond completion of training" (ETR, 13:37:986). Finally, the committee asserted that H.R. 5320 should have a long-term anti-inflationary effect, because it would increase the supply of skilled workers and promote greater productivity (ETR, 13:37:988).

In the Senate, an intensive round of negotiations paid off when all sides were able to reach a compromise, and the Labor and Human Resources Committee unanimously passed an amended version of S. 2036 at the end of May. Due to complications in the Senate's schedule and the budgetary process, it would probably have been fatal to the bill not to compromise before the end of May. Again, all the parties chose to accept a compromise rather than

give up the bill.

The Administration won the majority of the points that were compromised. Funding was not included in the amended bill, since it was no longer the responsibility of the Education and Labor Committee. A series of decisions in the Budget and Appropriations Committees would determine eventual funding levels. The Senate budget resolution, which was pending, would provide \$3.9 billion for employment training programs, while the Michel-Latta budget proposal, endorsed by the Administration, would provide \$3.2 billion (ETR, 13:38:1006-1007). In the House, the Budget Committee had voted to freeze employment training funding at \$4.137 billion for each of the next three years, although negotiations were far from over (ETR, 13:36:955).

The three areas in which the Administration won major changes were the payment of wages or stipends, the definition and limitation of supportive services and administrative costs, and the participation of public sector employers. In return, the Administration had to accept a new title with a summer youth employment program, which would pay wages (under various names, summer youth programs have operated since the late 1960s).

Supportive services were redefined as those "necessary to enable an individual ...to participate in a training program" that an individual could not afford to pay on his own, and could include "transportation, health care, child care, meals, temporary shelter, financial counseling, and other reasonable expenses." But, "the term supportive services does not mean and shall not be interpreted to mean wages, allowances, or stipends" (ETR, 13:38:1005). In order to further restrict payment of non-training expenses, the compromise required that the total cost of administrative and supportive services could not exceed 30 per cent of a state's funds, although individual service delivery areas could exceed 30 per cent. Committee members agreed they would attempt to define administrative costs and add the definition on the Senate floor (ETR, 13:38:1005).

The subcommittee version of the Quayle bill was criticized by the Administration for containing on-the-job training in the public sector. This was too close to public service employment for the Administration's taste. The full committee amended the bill to read that in any service delivery area the ratio of public to private sector on-the-job training recipients could not exceed the ratio between governmental and nongovernmental employment in the area (ETR, 13:38:1006). Here again is the sort of

compromise that makes Federal programs and regulations unduly complicated. Neither side won its point, and the compromise mandated a procedure that was likely to cause a great deal of trouble in practice.

Senator Metzenbaum successfully proposed an amendment to lower the matching funds provisions of the displaced worker program for states with high unemployment. This was a defeat for the Administration (ETR, 13:38:1006).

As in the House, the report of the Senate Labor and Human Resources Committee took pains to clarify the role of PICs and to provide guidance for the development of performance standards. Unlike the House report, the Senate report emphasized an enhanced role for governors. State governors would have the "basic supervisory role" in the new program. They would determine service delivery areas (SDAs), prepare state goals and objectives to guide local planning, approve local plans, and resolve differences between PICs and local governments. They would also be responsible for fiscal and accounting standards and audits (ETR, 13:41:1090).

The Senate also went beyond the House in underlining the independent character of the Private Industry Councils in the planning process. The report made it clear that the PICs' business representatives were to be nominated by

business organizations, not political leaders. PICs would be given the responsibility to develop the program plans for their SDAs. They would be free to select any training activity that was designed "to prepare disadvantaged persons for, and place them in employment." PICs could choose to function only as policy and planning boards, or to act as administrative entities, contracting for services or delivering them directly (ETR, 13:41:1089). This was less restrictive than the House version.

Service providers would be selected on the basis of quality and the cost of providing services. Concern for cost-effectiveness should not lead to an emphasis on low-cost, quick-placement programs that sacrificed quality.

The committee discussed performance standards but, like the House, avoided defining them. They must be related to outcomes: "Congress expects to be told that for each \$1 of investment in training that the nation has received a specified number of dollars in return through increased earnings and welfare reductions." But since there were many methodological questions to be resolved, the Secretary of Labor would be given the responsibility for developing performance standards (ETR, 13:41:1090).

Wages, stipends, and allowances would not be allowed, and cash payments as supportive services would be permissible "only as they are deemed necessary to enable certain individuals to participate" (ETR, 13:41:1090). This language acted as a placeholder, or a reminder that the issue was still unsettled; it reflected an agreement to delay resolution of the issue until later.

As the employment training bills progressed towards floor action, it became apparent that the Republicans were winning the overall battle of the budget, and as a result the employment training appropriation would be toward the lower end of the range. The critical moment was the House's passage of the Michel-Latta budget in June; this budget, as revised, provided \$3.023 billion for employment training programs, in effect a freeze at FY82 levels, without counting FY82 spending deferred from FY81 (approximately \$700 million).

During the later stages of Congressional negotiation, the administrative and planning role of the PICs received the most attention from professional and interest groups. With the final funding level narrowed down to the \$3-4 billion range, and the redistributive issue of stipends practically settled (even if they were allowed in some form, there would not be sufficient funds to pay very many

stipends), the basically distributive issue of who would control the planning and administration of the programs took center stage.

The most enthusiastic supporter of broader powers for the Private Industry Councils was, not surprisingly, the National Alliance of Business. A report they released on the PICs in the CETA program (which were somewhat different in structure and functions from those proposed for JTPA) claimed that PICs had managed to achieve significantly higher program performance and more desirable program content than other major CETA adult training programs. The NAB report claimed this performance was due to the fact that PIC-supported programs used more on-the-job training than other programs. The PICs knew how to get results and therefore should be given more power, depoliticizing the training system (ETR, 13:44:1183). As we saw in Chapter Five, on-the-job training programs did have the highest benefit-cost ratios of any CETA activity, but whether that was due to the allegedly good judgment and depoliticization of the PICs was less clear.

Robert Knight, executive director of the National Association of Private Industry Councils (NAPIC), displayed rather more mixed feelings about the proper role

of PICs, in an interview with the editors of ETR. First, Knight reminded the editors that one should remember that the private sector regarded employment training for the disadvantaged as "primarily a government program," but it was willing to get involved on a substantial basis if it felt that the program could succeed. "Otherwise, they'll walk away from it."

Planning authority for training programs wasn't necessarily what the PICs wanted, Knight said. The importance of planning authority on its own could be overrated. It was probably more important that a PIC be allowed to run the portions of the program in which it was particularly interested. Those sections included economic development, the designing of on-the-job training and customized training programs, research and development, and serving as an intermediary between the public and private sectors. Only a few current PICs were interested in taking over administration of an entire training program.

Further, there was not much support among PICs for a strictly targeted program such as that in S. 2184. Businessmen felt that the benefits given to AFDC recipients created a strong disincentive to work, and that economically disadvantaged youth were simply hard to place

in the current depressed economy. For young people, work experience in the public sector might be the best answer (as provided for in the Hawkins bill). Still, even rejecting rigid targeting, the major focus of Federal training programs must remain on helping the disadvantaged.

Knight felt there was no automatic PIC support for the labor market area approach to service delivery areas, either. PICs servicing small areas outside of major urban centers often didn't want to be lumped together with the inner city. Also, since PICs functioned at the local level, they tended to work best with local elected officials, rather than states.

Finally, stipends were the source of the most PIC complaints about CETA. They objected to the rigidity of the CETA system, whereby every participant got a stipend and all stipends were the same (the minimum wage). Some PIC members would prefer stipends based on need, some would prefer to use them to provide incentives, and some would prefer their elimination. Whatever the new formula, it should be kept simple, as stipends were the chief cause of the petty scandals that could give a Federal program a bad name at the local level (ETR, 13:31:806-807).

While the committees were deliberating, more important information came to light when a major evaluation study of the role of PICs in CETA was released. The study was performed by the Mershon Center of Ohio State University, under contract with the Office of Program Evaluation of the Employment Training Administration.

The study warned against attempting to improve CETA simply by expanding the role of the private sector through the PICs. It said that giving PICs the powers currently enjoyed by prime sponsors would cause "considerable chaos," as would making PICs and prime sponsors into rivals by giving the PIC and the prime sponsor planning council concurrent planning powers. The study showed that private sector involvement could be effectively increased in three ways. First, the goal of placing trainees in private sector employment should be made the primary objective of the employment training system. Second, bonuses should be offered to sponsors that achieved a high private sector placement rate. Third, in each service delivery area there should be a single planning council, dominated by business, with the power to disapprove programs. This proposal was similar to that in the Hawkins bill.

Also, the report recommended that employment training programs continue to be targeted on the disadvantaged. Programs should not become a mere "increment" to existing private sector training programs, but should retain their "special purpose of addressing a target population different in some important ways from the population business would reach if operating on its own" (ETR, 13:30:785-787).

The Committee for Economic Development, in its own statement on employment policy, was also less than enthusiastic about the usefulness of expanded powers for PICs. The record of CETA showed that PICs had "fallen short of original hopes," and did not appear to have introduced many innovations in program design or implementation, although this may have been mostly the fault of government. It must be remembered that while businesses were willing to help train the hard-to-employ, training programs must be designed to operate within the restrictions of "the way business really functions" (ETR, 13:44:1186).

In the new legislation, the process of selecting PIC members should "prevent public officials from choosing only those 'business' representatives who will do their own bidding," through such means as choosing from a pool

of names provided by local business organizations (ETR, 13:44:1186). It would also be "a distinct advantage for business to pay the salaries of the core staff" to assure their proper accountability (ETR, 13:44:1187).

The Committee for Economic Development's statement repeatedly emphasized the importance of local input, and suggested that state action alone was not sufficient, since "the essential sense of community vital to stimulating business involvement often does not extend beyond the local labor market area" (ETR, 11:34:1187).

It is surprising that the above comments, coming from the spokesmen for those persons (mostly from the business sector) who had already participated in the work of PICs, had so little effect on the Republican policy makers, who were supposedly representing the interests of business. Some of the positions for which the Republicans were fighting the hardest had little appeal to the business representatives, but it was apparently too late to change the plan of battle, now that positions had been staked out and hard-fought compromises won. On the issue of state versus local control, it appears that loyalty to the Administration's "new Federalism" agenda outweighed the wishes of the private sector.

Floor Action

The Senate was first to complete action on an employment training bill, passing S. 2036 by a vote of 95-0. In so doing, the Republican leadership of the Senate showed a considerable amount of independence from the Administration. The Administration had prepared a series of amendments for floor debate, but the Administration's amendments were never introduced.

Members of the Education and Labor Committee (the subgovernment representatives) presented a united front, and persuaded other Senators to accept the compromises made in committee, to consider only amendments offered by members of the committee, and not to introduce other controversial amendments on the floor.

Senator Kennedy offered a non-controversial amendment that assured funding for the National Commission on Employment Policy, at two per cent of whatever was allotted for national programs. He offered and then withdrew two amendments that would have lessened restrictions on the use of funds for administrative purposes, leaving the provisions as in the committee report. Senator Metzenbaum successfully proposed an amendment requiring PICs of service delivery areas within the same labor market area to coordinate certain program

activities, chiefly the assessment of labor market needs and the planning of employer outreach activities.

Metzenbaum withdrew an amendment that would have exempted evaluation costs from the 15 per cent limit on administrative costs. Senator Quayle dissuaded him from pushing the amendment, adding that administrative costs were bound to be a "major issue" at the House/Senate conference, and the matter could be resolved there.

Democratic staffers told the editors of ETR that they had withdrawn controversial amendments relating the administrative and supportive service costs in order to insure quick passage of the bill, on the assumption that the training bill that would pass the House would be a Democratic bill, and that the administrative cost issue would be raised in conference. Administration sources told the editors of ETR that they had prepared two strategies to be used during final House consideration: first, the amendments they had prepared for Senate floor action would be introduced there, and second, they would prepare a House version of S. 2036, to be introduced as an amendment in the form of a substitute for H.R. 5320.
(ETR, 13:43:1151-1152).

House action was delayed until August, when H.R. 5320 was passed, by vote of 356-52. Over thirty amendments were adopted on the floor, although most were of a technical or clarifying nature. No specific funding authorization was attached to the bill. An amendment substituted the language "such sums as may be necessary" for the \$5.4 billion authorization, since the House budget resolution had already assumed a spending level of about \$3.0 billion for employment training programs.

Senate and House spending levels were now roughly similar. In fact, there was some confusion about which was greater. The House budget resolution authorized \$3.023 billion, but assumed that carry-over funds from CETA would push outlays to \$3.275 billion. The Senate Budget Committee authorized \$3.737 billion, but believed that post-CETA transition activities would slow the rate of FY83 spending to \$3.0 billion (ETR, 13:41:1088). The Administration supported the \$3.023 billion figure, an unusual instance of siding with the House plans (ETR, 13:46:1223).

Efforts on the floor of the House to strengthen the role of the states and PICs were defeated. The Administration did not in fact try to substitute S. 2036 in toto for the House bill, as they had said, but they did

attempt a more limited substitution. With Administration approval, John Erlenborn (R-IL), the ranking minority member of the full Education and Labor Committee, introduced an amendment to substitute a new Title I (the administrative structure) that was much closer to the Senate bill, giving the governors the power to designate prime sponsors and the right to disapprove local plans, and giving PICs joint planning rights with prime sponsors. Representative Jeffords spoke for the amendment, citing the backing of the National Alliance of Business, the Administration, and the National Governors' Association; Jeffords claimed that there was a crucial difference between the Senate bill and the Erlenborn amendment "in that the state cannot take funds and direct them to favorite prime sponsors or programs. This amendment carefully protects that" by providing a formula mandating the distribution of funds. Thus, the Erlenborn amendment provided "an excellent middle ground" (Cong. Rec., 8/4/82:H5121).

Despite Jeffords' efforts, the Erlenborn amendment was defeated, 219-185 (and, after being reintroduced in another form a few minutes later, defeated again, 219-189). This was the crucial vote in the House, so far as the Administration was concerned, in which the Administration's political influence was tested. The

solidarity of the subcommittee was broken by a nearly pure party-line vote, but the Democrats had enough support to win their point (Cong. Rec., 8/4/82:H5121).

The defeat of the Erlenborn amendment was interpreted by the Education and Labor Committee staff as a vote that would strengthen the House's hand in conference with the Senate. After provoking a test of strength in which they failed, the Administration's only consolation was that the House did refuse to tip the balance in the other direction, refusing Ted Weiss' (D-NY) amendment to weaken the power of PICs.

On the key issue of allowances, stipends, and supportive services, the House moved somewhat closer to the Senate. Representative Jeffords proposed an amendment, backed by the Administration, that would have excluded supportive services from the 70 per cent of program funds allotted to training costs. Allocating supportive services to administrative costs would have severely limited their use. Jefford's amendment failed, but a Paul Simon (D-IL) substitute amendment for the Jeffords amendment was accepted. It stated that at least 70 per cent of prime sponsor funds must be used "for the direct provision of employment training services," not including wages, subsistence stipends and administrative

costs, but including supportive services. Wages and stipends were therefore excluded from training costs, but supportive services were not (the House debate appears in Cong. Rec., 8/4/82:H5061-5180). Representative Hawkins later called the Simon amendment "a reasonable compromise," but Assistant Secretary Angrisani told the editors of ETR that the 70 per cent guaranteed for training in the House bill was "a charade," and the House provision was "unacceptable to the Administration, as is the House action on SDAs" (ETR, 13:48:1273).

Conference Committee

The last major hurdle for JTPA (although it had not yet been given that name) was the joint conference. Fourteen Representatives and five Senators were appointed conferees. Although there were 322 points of difference in the two bills, only three major points were at issue. Two of the issues were essentially distributive in character: first, the structure of the delivery system, with the role of the governors vis a vis the cities, and the structure of Service Delivery Areas to be settled; second, the determination of the authority and functions of the local elected officials and the PICs. The third major issue, whether and to what extent allowances, wages, or stipends would be allowed, could be called a

redistributive issue, since it affected the amount of resources that would be flowing to the disadvantaged.

The first joint conference meeting combined combative rhetoric and practical action. The House Democrats, led by Representative Hawkins, insisted that they were unwilling to compromise further, since "we've done all the giving up so far," while Senator Hatch warned that "every compromise we make may jeopardize the support of the Administration," which could result in a Presidential veto. More practically, both sides instructed their staffs to meet together and come up with alternative options on the key issues, which are summarized in the chart below (ETR, 13:50:1321-1322).

The Administration called a meeting at the White House, at which Senators Hatch and Quayle were told the basic requirements for any bill the President would sign. The basic requirements were three: first, that no stipends or wages be paid; second, that no more than 30 per cent of funds go for administration and supportive services; and third, that funds be distributed in the form of block grants to the states, with the governors distributing funds to local SDAs (ETR, 14:2:27).

COMPARISON OF SENATE AND HOUSE PROVISIONS

I. Delivery system issues.

1. Service Delivery Area.

Senate:

--the Governor would designate SDAs.
--the Governor must designate a jurisdiction with a population of 500,000 which requests jurisdiction as an SDA; areas of 250,000 or more must be designated if requested by both the local government and representative business organizations.

House:

--the statute designated SDAs by defining eligible "prime sponsors."
--any jurisdiction with a population of 150,000 or more would be eligible; consortia of jurisdictions totalling 150,000 would also be eligible.
--existing prime sponsors would be "grandfathered" for five years.

2. Plan development; role of the PIC.

Senate:

--the PIC would develop the plan and submit it jointly with local elected officials to the Governor.
--the Governor would resolve any disputes between the PIC and local elected officials.
--if the Governor disapproved the plan, appeal to the Secretary of Labor could be filed only jointly by the PIC and the prime sponsor.

House:

--the prime sponsor and PIC would jointly develop the plan, and the prime sponsor would submit it to the Secretary of Labor.
--if the prime sponsor and PIC could not concur on the plan, the Secretary of Labor would seek resolution; failing resolution, the Secretary must select an alternate prime sponsor for the area.
--in approving the plan, the Secretary must take into account recommendations or proposed modifications by the Governor.

II. Program Issues

1. Stipends.

Senate:

--except for the Summer Youth Program, would prohibit the payment of allowances, stipends, wages, or public service employment; would permit supportive services, including cash payment to individuals if needed to participate in the program.

House:

--authorized needs-based allowances, permitted wages for work experience programs, authorized compensation for try-out employment with private or public employers for youth.

2. Training and administrative costs.

Senate:

--required 70 per cent of the funds to be used for training, excluding supportive services and administration.

House:

--required 70 per cent of funds to be used for training, including supportive services and work experience. The remaining 30 per cent could be used for costs of wages, allowances, and administration.

3. Youth.

Senate:

--required 50 per cent of funds to be expended on youth under 25.

House:

--required 50 per cent of funds to be expended on youth under 22, with somewhat more flexibility.

Meanwhile, the conference staff had prepared several compromise options. They prepared two options on service delivery that, unlike the Senate bill, were based solely on political jurisdictions and did not involve PICs, and, unlike the House bill, involved the governor.

Option one would let the governor designate SDAs in areas of the state that did not automatically qualify under population criteria to be designated to administer training programs. Option two would give the governor the opportunity to carve up the state into SDAs, after which local political jurisdictions that met population criteria on their own could opt out. The issue of the exact population criterion was not addressed.

On the role of PICs in planning, option one would have the PIC and local government jointly develop the plan and split the planning grant during the first fiscal year. Option two would have the PIC develop the plan subject to local government approval. In option three, the planning function would be split, with the PIC developing the part of the plan concerning training issues, and the local government developing the parts concerning client selection. The method of resolving disputes was also left open for resolution.

The issue of distribution of funds revolved more around monitoring responsibilities than allocation; should units be funded directly by the Secretary of Labor, only by the governor, by the governor with restrictions, or in some combination? This issue was left for further deliberation (ETR, 14:2:27-28).

Last-gasp Lobbying

During conference deliberations, there was one last round of public lobbying by interest groups. A coalition of the National Alliance of Business, the National Association of Counties, and the U.S. Conference of Mayors issued a report giving its recommendations for settling the unresolved issues. The joint statement did not emphasize the major points of controversy, but largely confined itself to more technical issues, generally recommending options that increased the flexibility of local program operators.

The coalition agreed that FY1983 should be used as a transition year, with the CETA system remaining in place while localities prepared for JTPA. They also recommended that the youth components of the bill include those under the age of 25, as the Senate had recommended, rather than those under 22, as the House recommended.

The coalition took no position on allowances; the National Association of Counties, however, separately proposed that the payment of allowances should be permitted, but that the House needs-based system should be dropped.

The National Governors' Association (NGA) submitted proposals of its own. They remained strongly supportive of the Senate proposals that would give governors more power. They sent a lobbying letter to state governments saying that in order to gain concessions from the House on issues of state control,

concessions will probably need to be made on issues such as the payment of wages, stipends, and allowances, and the consideration of support services as a training expense. These types of concessions will be vigorously opposed by the Administration but strongly desired by the House (ETR, 14:2:34).

NGA was apparently more concerned with increasing state control than whether stipends would be allowed.

NGA was worried about counting governors' administrative funds as part of the 30 per cent allowed for administration and support services. NGA believed that governors' funds were intended for "infrastructure support rather than client services," and should not be counted in the 30 per cent. NGA, like NACO, supported

funding training in FY83 at least at the FY82 levels; funding for displaced worker programs must be "new additional money" (ETR, 14:2:33-34).

During conference sessions, compromise proposals were constantly proposed and debated, as the two sides inched closer together. For example, it was agreed that 70 per cent of funds would be earmarked for training, with a 30 per cent limitation on administrative and support service costs, but there were long debates on what costs would be defined as training costs or supportive service costs.

House members were adamant that supportive services should be included in training costs (especially child care services). Representative William Ford (D-Mich.) insisted that without day care provisions mothers with young children could not enroll in training; "they can't just park the kid and go off somewhere" (ETR, 14:3:59).

Representative Jeffords supported the House Democrats on the supportive services issue: "The Administration says it wants to make AFDC recipients a prime focus of the bill, but you'll wind up discriminating against them" by including supportive services in the 30 per cent cap (ETR, 14:3:P59).

With the deadline of adjournment (and the election campaign) drawing near, the breakthrough in negotiations came on September 22. The conference committee agreed on the division of training versus administrative costs, and settled the size of the SDAs. The committee recessed while Republican members met with President Reagan, Presidential Assistant James Baker, and David Stockman, the director of the Office of Management and Budget, and got their approval of the compromise.

On the issue of the service delivery system, governors would divide the entire state up into SDAs. Single political jurisdictions with populations of at least 200,000 could opt out of the governor's plan and be made independent SDAs. The local government's decision to opt out would not require concurrence from the PIC. The transition to the new system must be made by FY84, making FY83 a transition year, in which CETA would be extended while planning for JTPA took place.

Local governments and PICs would remain distinct entities under JTPA, but they must reach agreement on procedures for developing a plan, on the plan itself, and on the selection of a grant recipient to administer the programs. The PIC, the local government, or some combination of the two could perform any of these roles,

thus providing for local control and local diversity. Here, the conferees agreed not to decide, but passed the problem down the line to the Department of Labor, which would formulate the regulations for JTPA. PIC members would be appointed by the local government from nominations made by relevant groups (not just chosen by the chief elected official), and a majority of the PIC members would have to represent private business.

If local government and the PIC found it impossible to agree, the governor could merge the SDA into a larger one or split it into smaller ones. There would be no appeal to the Secretary of Labor.

Local plans must be approved by the governor, but he or she would have only what a staff member called "disapproval authority;" that is, a governor would be required to approve a plan unless it failed to meet criteria specified in the law; the governor would not be able to change elements in a plan or disapprove a plan because he or she did not like the program elements (ETR, 14:4:81).

As the Administration had insisted, the compromise required that 70 per cent of funds be spent on training activities, but the prohibition on wages and stipends was dropped. Training was defined to include half the cost of

work experience programs (the wage elements of work experience programs were excluded from allowable training costs), as well as all the cost of youth try-out employment, with some specified restrictions.

In the 30 per cent of funds allotted to non-training costs, administrative expenses could not exceed 15 per cent. Thus, supportive services could not exceed 15 per cent, including childcare and transportation expenditures. This provision was softened by allowing waivers on administrative and support service costs, if requested by the PIC and approved by the governor. A waiver would be possible only if one of the following conditions was met:

1. The SDA had higher than average unemployment.
2. The SDA provided services to a disproportionately high number of trainees, such as the handicapped, who required exceptional support services.
3. If the costs of transportation or childcare constituted a disproportionate share of all supportive services.
4. If the SDA enrolled a disproportionately high number of trainees in long-term training.

Funds would go from the Secretary of Labor to the governors, who must automatically pass it through, according to a substate allocation formulation based on unemployment and income. Displaced worker program funds would be allocated according to a separate formula.

The conference bill provided for a permanent authorization, to provide more stability in the program and reflect the belief that job training should be an on-going national responsibility (ETR, 14:4:82). FY83 funding was still not settled, and would not be until the Congress and the President reached agreement over the entire budget.

President Reagan Takes the Credit

Once the compromise was approved, and despite what Senator Hatch, who had begun the legislative process as the Administration's chief Congressional spokesman, now called the stubborn intransigence of the Administration during bargaining, President Reagan enthusiastically endorsed the final compromise on JTPA, releasing a statement on September 23 that accused Congress of dragging their feet in passing the bill. He said the act would "chart a new course for job training in America, providing real hope by serving as a hand up, rather than a

hand out, to our disadvantaged citizens" (ETR, 14:4:82).

In a rather ironic turn of events, the rapidly rising unemployment rate (up to 10 per cent in September, 1982) had made JTPA a politically popular program; by trying to capture credit for the passage of JTPA, President Reagan attempted to give the impression that his Administration was responding to increasing unemployment, despite the long-standing insistence of the Administration that JTPA be purely a training bill, and not a jobs bill. At a press conference two days before JTPA was scheduled for final Congressional passage, President Reagan accused Congressional Democrats of stalling on passage of the act (Washington Post, 9/29/82).

The President charged that during the past seven years \$66 billion had been spent on "job programs supposed to solve that problem [of unemployment] without success." Later, an official of the Office of Management and Budget indicated that the \$66 billion figure included all employment training programs, job development programs, and job creation elements of local public works and economic development programs. The total for CETA alone approximated \$56 billion (ETR, 14:5:123). Reagan asserted that JTPA, along with other legislation supported by the Administration, "has pulled America back from the brink of

disaster," and that his critics were "modern day Rip Van Winkles [who] pretend all problems began on January 21, 1981," Reagan's first day in office (Washington Post, 9/29/82).

Final passage of JTPA took place in the Senate and House on September 30 and October 1, respectively. Both Democrats and Republicans who had been the principal sponsors of the act showed irritation at President Reagan's last-minute embrace of the measure. Senator Kennedy stated

I'm pleased to finally have the President's support for this job training bill. But I would challenge the President's claim that Congress has dragged its feet on job training. The record clearly shows that the Administration slowed this legislation down a number of times by forcing cancellation of key hearings and markups. ...I can remember very well a little over a year ago when the Administration decided to abandon the whole concept of youth training (Cong. Rec., 9/30/82:S12713-4).

Senator Kennedy was more inclined to give credit to the efforts of Senator Quayle:

This legislation would not be before the Senate if it had not been for the efforts and energies of the Senator from Indiana [Quayle]. The Administration was strongly opposed to this type of a program and resisted the efforts that had been developed in the committee to move this whole process forward in a timely fashion. (Cong. Rec., 9/30/82:S12713).

Senator Quayle himself, while not criticizing the President by name, also underscored the bipartisan nature of the final compromise. Only Senator Hatch thanked Administration officials, who he said had participated in developing the four "important concepts we have incorporated into this bill." The four concepts Hatch thought important were first, setting priorities for expenditures (the 70/30 split of training and administrative funds); second, the PIC/local government partnership; third, the establishment of evaluation performance standards; and fourth, the strengthening of the role of the states (Cong. Rec., 9/30/82:S12718).

Speaker of the House Thomas O'Neill (D-Mass.) took the unusual step of inviting members of the press into his office while he signed the JTPA bill before sending it to the President. Speaker O'Neill said he was concerned that credit for passage of JTPA go to the proper persons. He said the training bill was originated in the House "by Congressman Gus Hawkins of California--a man who has devoted his career to promoting full employment in our country." JTPA passed the Senate "because of the hard work of Senator Kennedy and because Senator Dan Quayle, a Republican, was willing to stand up to Administration objections and write an adequate training bill" (ETR, 14:6:137). O'Neill emphasized that JTPA was a training

bill, not a jobs bill, and that consequently other measures were needed to attack unemployment.

President Reagan signed JTPA on October 13, making the bill Public Law 97-300. Most unusually, he did not invite the bill's principal Congressional backers to attend the signing ceremony, instead surrounding himself with participants and graduates of current job training programs. Once again, the President characterized the bill as a response to high unemployment, and pledged that "I am not going to rest until every American who wants a job can find a job." Yet, the President emphasized that those jobs must come from the private sector, and praised JTPA for ending the public service employment program; unlike CETA, JTPA was "not another make-work, dead-end bureaucratic boondoggle; ...we are eliminating the bureaucratic and administrative waste that has marked many so-called jobs bills in the past" (ETR, 14:7:157-158). The Administration, which had originally opposed any training bill, was now pleased to take credit for JTPA's development and passage, and President Reagan characteristically chose to sacrifice accuracy in favor of effective political imagery.

CHAPTER 10

CONCLUSIONS

"We reached those last days when we could endure neither our vices nor their remedies."

--Titus Livy, on the decline of Rome.

The end of the employment training bill's legislative journey was far less stormy than its beginning had been; JTPA passed the Senate by a vote of 95 to 0 on September 30, and the House by 339 to 12 on October 1, 1982. Before considering the reasons for this near-unanimity, and the lessons to be learned from the entire reauthorization process, we should review the basics of JTPA in its final form.

Authorization

JTPA was given a permanent authorization of "such sums as are necessary," except that \$618 million was specifically authorized for the Job Corps in FY83; this reflected both Congressional parties' consensus on the

worth of the Job Corps, in the face of attempted cuts by the Administration. Although a final compromise on the total level of funding was not reached before passage, it was understood that the level would be approximately the same as for the preceding year of CETA; this result could be termed a compromise, but only when measured against the victories already won by the Reagan Administration, which had cut funding for the last year of CETA (FY82) by almost two-thirds. The low funding figure, along with the Administration's assumptions about how many training slots could be provided given that funding, virtually assured that JTPA must concentrate on short-term training for less-skilled jobs, regardless of the training provisions of the Act. The appropriation would be a Procrustean bed upon which the other provisions of the Act must be made to fit.

Transition

CETA was extended through FY83 to provide time for a transition to JTPA. Funding would be on a one-year basis, despite the many requests from program operators for two-year planning and funding cycles. The annual budget cycle was too entrenched as a Congressional institution to change for the sake of better program planning.

Service delivery structure

Funds would be allotted to states by a formula, one-third on the basis of substantial unemployment (areas above 6.5 per cent), one-third on the basis of excess unemployment (areas above 4.5 per cent) and one-third on the basis of the number of economically disadvantaged persons. Within states, funds would be allocated to service delivery areas on the same basis.

The governor was given the power to designate service delivery areas within the state. Areas were automatically entitled to designation if they met one of two criteria: 1) units of local government with a population of 200,000 or more; 2) consortia of contiguous units of local government with an aggregate population of 200,000 or more.

The chief elected official or officials in each service delivery area were given the power to select the members of the Private Industry Council (PIC). The majority of the PIC must consist of representatives of business and industry in the area, and the Chairperson of the PIC must be a business representative. The PIC must also have representatives from education, labor, community based organizations, rehabilitation agencies, economic development agencies, and the public employment service.

Plan Development and Approval

The PIC and local government must reach agreement on how the local job training plan would be developed, who would administer the program, and on grant recipient organizations for local job training funds. The grant recipient and the administrative agency may be the same or different agencies (for example, the grantee could be a city, with the administrative agency a city department or non-profit agency). The plan should be jointly approved by the PIC and the local government; if agreement is not possible, the governor is empowered to merge the SDA into a larger one, or split it into smaller ones.

The governor may disapprove a local job training plan only if it is not in compliance with a specific provision of the Act, or of Department of Labor regulations, or with the state's coordination criteria. The coordination criteria may not limit local discretion in the selection of service providers or eligible participants. The governor's disapproval is subject to appeal to the Secretary of Labor.

Once the plan is approved and in operation, the PIC's oversight responsibility, defined as "review, evaluation, and monitoring," is not subject to agreement with the local government. However, the PIC does not have the

right to terminate contracts or take other administrative actions; only the grantee may do that.

Governors have the responsibility to monitor local program compliance with the Act. The governor may issue a notice of intent to revoke approval of part or all of a plan if it is not in compliance; this may also be appealed to the Secretary of Labor.

The Secretary of Labor must establish performance standards for local programs, based on increased employment and earnings of participants and reductions in welfare dependency. The governors may vary the standards within parameters established by the Secretary. If a local program fails to meet its performance standards for two years, the governor may impose a reorganization plan, possibly including the selection of an alternate entity to administer the program for the service delivery area.

Program Authority

A broad range of training activities was authorized, including two-tier training as recommended by the Jeffords bill. At least 40 per cent of funds, adjusted according to the proportion of youth in the eligible population, must be spent on youth. A separate section authorized summer youth employment training programs.

Eligibility criteria were established such that 90 per cent of the participants must be economically disadvantaged; up to 10 per cent of participants may not be disadvantaged if they have other barriers to employment (teenage parents, offenders, displaced homemakers, etc.). Eligible youth must be aged 16-21, except that youth aged 14 or 15 may be served in summer youth programs.

A dislocated workers program was authorized, including job search assistance, retraining, relocation assistance, and supportive services. Funds under this program must be matched with non-federal funds, although the matching requirement may be adjusted downward in accordance with the state's rate of unemployment relative to the national unemployment rate. Displaced worker programs were to be run by the state, but local PICs and governments were guaranteed the right of review, and affected labor organizations must be consulted.

The Job Corps was retained from CETA, essentially unchanged. Similarly, authority for nationally-run programs for Native Americans and migrant and seasonal farmworkers was retained with minimal change. Five per cent of national program funds were authorized for veterans programs, multi-state programs, research and demonstration, pilot projects, evaluation, and labor

market information. The National Commission for Employment Policy was reconstituted as a non-governmental commission, following the recommendations of the Hawkins bill. That is, as of October 1, 1983, the five Federal agency heads would be replaced by public members, appointed by the President.

Limitations on Costs

Seventy per cent of program funds must be spent on training; within the 70 per cent may be included 50 per cent of the cost of work experience and try-out employment for youth. Not more than fifteen per cent of funds can be spent on administration, and not more than fifteen percent may be spent for the cost of supportive services, allowances, or wages not included in the seventy per cent category.

The governor must waive the fifteen per cent limitation on nonadministrative costs if the PIC requests and justifies it, and if one of five conditions is met: 1) unemployment is three per cent higher than the national average in the service delivery area; 2) the plan will serve a disproportionately high number of participants in need of supportive services; 3) the cost of providing child care services will exceed one-half of the fifteen

per cent limit; 4) the cost of providing transportation will exceed one-third of the fifteen per cent limit; 5) a substantial portion of participants are in training programs of nine months duration or more (ETR, 14:5:125-6).

Subgovernment Survival

In Chapter Two, we reviewed Davidson's (1974) findings on the identity, structure and operation of the employment training subgovernment in 1969-72. We may now compare those findings with the situation in 1980-82.

Despite the early support of the Reagan Administration for a radical rewriting, or even the abolition, of federal employment training policy, the development of JTPA revealed more similarities than contrasts with the development of earlier employment training legislation. Davidson traced the development, passage, and subsequent veto of the Employment and Manpower Act of 1970, CETA's precursor. There were many parallels in the political processes of the 1969-70 period and the 1981-82 period. In 1970, the employment training subgovernment, which had been built up during the 1960s and had enjoyed a high degree of consensus with successive Democratic Administrations, was strongly challenged by two

forces. First, the Nixon Administration proposed a radical revision in the structure of employment training programs, replacing the Federally-managed MDTA system with special revenue-sharing block grants. "Categorical interest groups, and those who look to the Federal government for support against states and cities, viewed such proposals with horror" (Davidson, 1974:105). During a long legislative struggle, the employment training subgovernment managed to effect a compromise with the Administration on issues of program management, through a process similar to that which occurred in 1981-82. However, the subgovernment's legislation passed the Congress only to be vetoed by President Nixon, and

the final irritant that shattered the manpower coalition was the ideological struggle over public sector job creation for the disadvantaged. Here was a class issue that had divided liberals and conservatives since the days of the New Deal and that evoked emotional reactions on both sides of the fence. The period during and just following World War II was one of relative quiet, but such class-based issues were fully revived by the 1970-1971 recessionary period (Davidson, 1974:104).

The parallels are striking. In 1981, as in 1970, the employment training subgovernment was challenged by the Administration's desire to pass control of the program from the Department of Labor to the states, but through strenuous effort the subgovernment was able to win

compromises that protected some of the authority of its constituent organizations. In 1981, as in 1970, the subgovernment's compromise was threatened by a more general, more sharply ideological issue--in the case of JTPA, the commitment of the Administration to cut social spending in general. In the more conservative climate of 1981-82, public service employment could not pass the Congress. The result in 1982 was not a veto, but a funding cutback that threatened the impact of the program, while leaving the employment training system with an administrative structure mismatched with the amount of funding it had to administer. In 1982, as in 1970, the Administration clashed with the subgovernment, and successfully used issue-expansion tactics to win some of its goals.

Subgovernment Identity

How does the identity of subgovernment actors compare to those found by Davidson in 1969-72? The groups represented in the subgovernment are almost identical, although they are represented by different individuals. Tracing the identity of subgovernment actors from the days of MDTA (Mangum, 1968) through the development of CETA (Davidson, 1974; Kolberg, 1978) to the inauguration of JTPA, subgovernment membership is characterized by

stability.

The Federal Department of Labor top bureaucracy, state, county, and local political leaders and their trade associations, business groups, program administrators, community-based organizations, labor unions, policy professionals, the NCEP--once inside the subgovernment, they remained members. While the players have remained the same, however, patterns of relative influence have shifted over time, as we shall review shortly.

Subgovernment Characteristics

From his study of the 1970 legislative experience, Davidson drew three conclusions about the leading characteristics of subgovernments (1974:105-6). The first was that subgovernments are characterized by internal complexity. The employment training subgovernment embraces a variety of agencies and interest groups, but only occasionally includes potential clients. Once launched, programs generate very strong pressures for their continuation, although members of the subgovernment attempt to modify the program to suit their own interests.

Internal complexity has lessened somewhat. Successive efforts have lessened Federal control and distributed more power to state and local governments, giving local program operators much wider discretionary powers within outcome-oriented performance standards. Nevertheless, the simplification process has only proceeded a short distance; attempts by local governments to grab power through "simplification" were opposed by program operators, including business, community-based organizations, and labor, all of whom wanted Federal statutory or regulatory protection of their interests. Thus, in various ways employment training programs have continued to generate "virtually irresistible pressures for their perpetuation" (Davidson, 1974:105).

Second, Davidson found that the administrative components of the employment training subgovernment were vertically integrated, rather than horizontally coordinated. That is, authority flowed from localities up to the Department of Labor and back, with little cooperation among localities or within states. This condition was recognized as a problem and specifically addressed during the 1981-1982 debates, and the provisions of JTPA strengthening the governor's role constituted a compromise designed to increase horizontal coordination. It is too soon to tell whether the new provisions will be

effective, however, and a substantial amount of vertical integration was maintained through provisions for performance standards and oversight by the Department of Labor.

Third, Davidson found that subgovernments are functionally autonomous--that is, employment training policy is formulated and implemented with scant attention from actors in other subsystems, from clients, or from the public at large. "As a result of their relative autonomy, subgovernments are highly resistant to change" (Davidson, 1974:106).

Functional autonomy continued unchanged, as those outside the subgovernment had very little influence over its operations. The impetus for change came from within, in that the Administration members of the subgovernment were the main source of new influence, and their influence was primarily to press for less employment training in order to meet more general goals, and secondarily to change the content of employment training programs.

Stability of subgovernment membership, as in the case of the employment training subgovernment, implies that membership in the subgovernment is difficult to achieve, and this has in fact been the case. New members were admitted to the subgovernment as a result of changes in

the law giving new groups a piece of the action. During the development of JTPA, no new interest groups achieved subgovernment status; the surprising fact is that no subgovernment members completely lost influence, either, even the apparently ill-fated national contractors. The relative influence of groups within the subgovernment has changed over time, however.

Issues, Audiences, and Agendas

We were concerned with the means by which policy preferences reach the formal agenda in employment training policy making, and our finding is simple: the only way to place a policy preference on the formal agenda was by gaining access to the subgovernment. Policy preferences that lacked sponsorship within the subgovernment were not seriously considered. The implications of this finding as they relate to the debate between elite and pluralist theorists will be considered later in this chapter.

Cobb and Elder's ideas relating the size of the audience to a place on the (systemic) agenda (1983:110), while not formulated with regard to the formal agenda, proved to have an interesting application to the policy making process within the subgovernment. We expect distributive policy making within the subgovernment to be

incremental and marked by low visibility--that is, without issue expansion to a larger audience. When frustrated within the employment training subgovernment, the Reagan Administration threatened or actually employed issue expansion tactics to increase its intrasubgovernment influence. The Administration appealed to a wider audience (chiefly Congressmen outside the subgovernment) by redefining the issues to be more ambiguous, more socially significant, less technical, and in the context of the Administration's own most general political values; the process confirms the hypotheses about issue expansion discussed on pages 29 and 30 above (Cobb and Elder, 1983:112-124).

The subgovernment used several means to limit the formal agenda and issue expansion. Some groups outside the subgovernment, whose policy preferences were not included in the bills that received serious consideration, were given the symbolic reward of the opportunity to testify at Congressional hearings. At the next level of rejection, policy preferences were introduced in bills that did not receive much serious consideration (for example, Representative Roukema's bill). Efforts to consolidate employment training programs with the Employment Service and vocational education programs had to be abandoned due to subgovernment competition, and

vague promises were made to include such provisions in follow-up legislation. When Senator Quayle divided his original proposals into three bills, those interest groups whose policy preferences were left out of the first (and only co-sponsored) bill knew that actual support for their proposals had been replaced by largely symbolic support.

Employment training issues only rarely reached the attentive public outside the government, through newspaper and magazine articles in such journals as the New York Times, Washington Post, and Business Week. Expansion of the issues to the attentive public almost always had negative consequences for the employment training subgovernment, since the stories either documented charges of waste and fraud (chiefly in the case of public service employment) or aired the views of the Administration while it tried to cut services. Issue-expansion to the attentive public was successfully employed by the Administration through its appeals to a more ambiguous set of values (budget cutting, "new Federalism"), confirming the hypothesis of Cobb and Elder (1983:112-22).

The ability to widen the policy conflict if necessary can be taken as one of the defining characteristics of "clout," as it is popularly known in Washington. Like other types of power, issue expansion clout usually need

not be employed, as long as its potential use is understood by other policy actors.

Intrasubgovernment Influence

The constant in the influence equation is the Congress. The Congressional subgovernment members, vested with formal control over program design and funding, have always played the role of balancing other interests; they have not been the captive of any one policy group. During the life of the employment training subgovernment, the relationship between Congressional subgovernment members and the Administration has waxed and waned; although Democratic administrations have been on the whole more supportive of employment training programs, the correlation is far from perfect. After their attempt to limit employment training programs and incorporate them into block grants failed (despite a Presidential veto), the Nixon Administration and, later, the Ford Administration, accepted the continuation and expansion of employment training programs; the Carter Administration, after presiding over the largest expansion of employment training programs, was in its final year severely split, with great pressure from the fiscal policy subgovernment to limit the growth in spending on employment training programs. Even when opposed to legislation to the point

of employing a veto, Administration actors have not been able to dictate the specifics of employment training policy against the wishes of other subgovernment members.

The influence of business members of the subgovernment has increased through the years, with notable advances during Republican administrations. The influence of program client representatives, chiefly the community-based organizations and labor unions, was greater during Democratic administrations, reaching its height during the Carter Administration, when Ernest Green left his community-based organization to be the Assistant Secretary of Labor in charge of the Employment and Training Administration. Community-based organizations and organized labor suffered the greatest decline in subgovernment influence during the design of JTPA, when their political stocks were low.

The clash between levels of government has been another perennial feature of employment training policy making. MDTA began with direct contracts between the Department of Labor and program operators, usually cities or community-based organizations. Since then, states have continually attempted to get a larger piece of the action, usually in league with Republican administrations, since a larger proportion of states than cities have been

controlled by Republicans during the last two decades. In 1981-82, supported by the Administration, states succeeded in gaining more control over the employment training program structure, although with many qualifications, and while the powers of the larger cities were protected.

Governors also received a piece of the JTPA action independent of their authority over local programs. They were given the responsibility to develop a two-year plan for coordinating employment training programs with other state programs, and given funds to provide special services for specified groups. There were specific setasides of money for workers aged 55 and older, for joint education projects--designed to facilitate coordination between the employment training system and the educational system--and for incentive grants to service delivery areas that exceeded performance standards, or that offered activities to hard-to-serve individuals. Money was also reserved for auditing and administrative expenses.

Senate Republicans, aided by business members of the subgovernment, were successful in giving more planning and administrative power to the private sector, through the Private Industry Council (PIC). JTPA required that a majority of the PIC be owners or chief executive officers

of businesses. Democrats succeeded in retaining requirements that other segments of the employment training subgovernment, especially community-based organizations and labor, also be represented on the PIC.

In terms of the future structure of employment training programs at the local level, the relationship between the new Private Industry Councils (PICs) and local elected officials is JTPA's greatest innovation. To ensure business control of the PIC (and encourage its independence from local government), Congress required that business representatives must be nominated by general purpose business organizations (in practice, almost always the Chamber of Commerce). Although the Chamber of Commerce must make nominations totalling at least 150 per cent of the number of available PIC positions, PIC members should "reasonably represent" the industrial and demographic composition of the business community, and half the members should represent small business. These requirements, designed to balance the right of business to be represented with the right of local officials to make their own appointments, are examples of how interest-group politics in Washington result in the re-attaching of strings to supposedly decentralized programs. In this case, it was business groups, purportedly the champions of decentralization, who inserted provisions protecting their

interests from local elected officials.

The Administration was relatively ineffective in intrasubgovernment negotiations. The Congressional members of the subgovernment prevailed over the Administration members in many instances, especially when dealing with specific program details. After coming late into the field with its own recommendations, the Administration frequently changed its positions on issues; finally, the Administration's subgovernment representatives, new to the policy issues of the employment training establishment, had relatively little credibility as experts. The Administration introduced no new ideas into the policy process; "new Federalism" and block grants were retread proposals from the Nixon Administration, while the emphasis on the strict targeting of participants was begun by the Carter Labor Department. The nearest thing to a new employment training idea, the enterprize zone proposal (which had no training component at all), failed to gain subcommittee passage during the first Reagan Administration. Consequently, the Administration failed to make radical changes in the structure of employment training policy, as it had promised during the Presidential campaign and in its early days. Even within the subgovernment, the Administration gained most of its victories through the threat of issue

expansion.

The Administration's great strength was that, unlike other subgovernment actors, it was confident of its ability to use issue expansion tactics. To the Administration, the key issues were funding, state control, and stipends, and it was in the Administration's interest that decisions on these issues not be reached within the subgovernment. In this they were successful. On the funding issue, the Administration was able to negotiate relatively low upper limits in the range of funding options considered within the subgovernment; then they were able to block resolution of the issue within the employment training subgovernment and transfer the issue to the Budget Committees, which were less committed to making employment training programs work.

Policy professionals had considerable influence, particularly on the more technical provisions of JTPA. The National Commission for Employment Policy, at least in the period before a Reagan appointees constituted a majority, continued in its role as a key member of the employment training subgovernment, and helped the Congressional forces who wanted to preserve employment training programs. For example, the NCEP's identification of the groups most in need of employment training services

was adopted by the Congress, although NCEP's analysis of the size of the needy population had little effect in the face of the higher political goal of budget-cutting. The NCEP's sponsorship of reports and conferences provided forums for employment training professionals where the respectful attention of Congressional policy makers was assured. The NCEP had little influence on issues of program control and funding during 1981 and 1982, but its 1981 Report did play a key role in providing a definition of the issues in a form that Republican supporter of employment training programs could adopt.

President Reagan's appointees to the NCEP did not have an important influence on the development of JTPA. Whether this was because they were appointed after the legislative process was well under way in 1981, or because they were unable to formulate a policy with the cooperation of the Administration, is impossible to say with certainty; probably both factors were important, along with the fact that the new appointees, at least initially, were relatively unfamiliar with the issues and had few connections with other members of the employment training subgovernment.

In summary, this study confirms the hypothesis that the more technical the issue, the more influential the policy professional will be. Conversely, the more ambiguous, symbolic, and politically sensitive the issue, the less influential the policy professional will be. Also, the influence of the policy professional will be in inverse proportion to the size of the audience; issue expansion is a process that works to the detriment of technical influence.

Employment Training Policy Types

The JTPA authorization process confirmed Cobb and Elder's (1983) conceptualization of policy making as a set of successively narrowing boundaries, in which the range of issues and decisional alternatives is progressively restricted. Access to the formal agenda (the bills seriously considered by the subcommittees) was entirely confined to members of the employment training subgovernment, despite a hearings process designed to give the impression of wider participation. The issue-expansion tactics described by Cobb and Elder were also used with effect by the Administration during the JTPA process, although perhaps not in exactly the way Cobb and Elder envisioned. Using its presumed electoral mandate to cut Federal spending, the Administration made

its appeal not to the general public, but to members of Congress outside the employment training subgovernment, in order to impose a higher-level political priority on the subgovernment's work.

The typology of policies developed by Ripley and Franklin (1980; 1984), although explicitly designed to consider intragovernmental policy struggles, prove equally useful when the conceptualization of the policy making process is expanded to include private sector inputs--that is, when private sector representatives are included in the subgovernment. Ripley and Franklin's distinctions between distributional and redistributive policies, and the relationships between key government actors in making distributional and redistributive policies, are supported by this study. Distributional policies, when considered within the context of subgovernment operations, were settled by incremental negotiation within the subgovernment, as Ripley and Franklin predicted, while redistributive policy conflicts were redefined as distributive or settled through conflict between the subgovernment and the Executive. Redistributive policies failed to be enacted due to lack of Executive support, also as Ripley and Franklin would have predicted.

During JTPA development, the primary focus of policy making controversy was on distributive issues, and incremental compromise was the pattern for conflict resolution. The lessened influence of groups representing program clients eased the process of redefining redistributive issues as distributive ones--for example, while CETA paid stipends directly to program participants, JTPA encourages subsidies to businesses, in the form of reimbursement for wages paid under "try-out employment" schemes. Ironically, the same Republicans who criticized public service employment for "substitution of effort" (replacing local funds with Federal funds without increasing the number employed, discussed in Chapter Three) pushed for try-out employment, which was substitution of effort in the private sector.

Only one redistributive issue, that of stipends, remained unsettled until the very end of negotiations, and it was on this issue that conservative Republicans, supported by the Administration, were most successful, virtually eliminating stipends from the program (one "insider" who read an earlier draft of this study told me that Assistant Secretary Angrisani was never disabused of his belief that all those who would be eligible for employment training services were already on welfare, and so needed no further stipends). Even on the stipend

issue, the Administration did not win a complete victory. Although it was able to limit funding to a level that made the provision of stipends highly unlikely, it could not force the adoption of language prohibiting such payments.

As expected, then, the central redistributive issue was marked by a relatively high level of visibility and conflict, and a hardening of ideological positions (Ripley and Franklin, 1984:27). The executive branch played a relatively important role in resolving the conflict (through direct negotiations with the conference committee), the conflict was resolved at a higher level than the subgovernment, and there was an attempt to redefine the issue in distributive terms (Ripley and Franklin, 1984:100).

The stipend issue also provides a good illustration of the value of symbol manipulation and issue redefinition. In the Carter Administration, CETA programs were considered as much employment programs as training programs; those who were employed by the government, whether directly through public service employment or indirectly through CETA funding, must be paid, and CETA required that participants be paid at least the minimum wage. The Reagan Administration attempted to redefine employment training programs purely as training programs,

and stipends as welfare payments. The position of the Reagan Administration was therefore self-defined as pro-training and anti-welfare. The Reagan Administration's redefinition of the stipend issue was quite effective, especially with larger publics not intimately familiar with the history of employment training legislation.

Similarly, the Reagan Administration showed considerable skill at symbol manipulation (undoubtedly President Reagan's greatest talent). The importance of symbol manipulation is directly proportional to the ambiguity of the issues and the size of the public. In lobbying members of Congress outside the subgovernment, and in all presentations to wider publics, the Administration stressed its guiding symbols: budget balancing (in the early days), cutting social spending, "new Federalism," and opposing "welfare handouts." The publicity campaign against public service employment had completely destroyed the utility of employment creation as a positive symbol in employment training policy. Similarly, the attempt to expand the issue of the plight of the displaced worker to the general public failed to strike a responsive chord in competition with Administration symbols.

Issue Entrepreneurs

Issue entrepreneurs played an important role in the development of JTPA. When applying Eyestone's issue entrepreneur concept to subgovernment policy making, our most important discovery was that issue entrepreneurship was associated with holding an important structural position within the subgovernment. Before the formal agenda for JTPA was set, the most prominent issue entrepreneur was William Kolberg, the president of the National Alliance of Business and chief business spokesman of the employment training subgovernment; his suggestions about privatizing employment training programs received widespread and respectful attention. During legislative consideration of JTPA, the issue entrepreneurs were the subcommittee chairmen and minority leaders, Representatives Hawkins and Jeffords and Senators Quayle and Kennedy. During the crucial conference committee negotiations, Senator Hatch, chairman of the Education and Labor Committee, became the key figure mediating the demands of the conference committee and the Administration.

Besides playing the role of issue entrepreneur within the subgovernment, the employment training subcommittee and committee leaders were also the spokesmen for the

subgovernment to the rest of the Congress. Senate Republicans, placed in a position of leadership by their newly-won majority status, had to take the leadership role in developing an alternative to CETA. Their role gained added importance when the Administration delayed the appointment of senior Labor Department officials experienced in employment training policy, and was slow in developing its own legislative recommendations. Senator Quayle and, later, Senator Hatch became committed to passing JTPA, convinced their colleagues outside the subgovernment to support JTPA, and shepherded its final shaping through negotiations between the conference committee and the Administration. Congruent with Cobb and Elder's model of subgovernment operations, other members of Congress were content to let the subgovernment decide the major provisions of the bill, even though there was controversy over the provisions.

In the case of JTPA, reliance on the subgovernment extended even past floor passage, to the work of the conference committee. Although major features of the bill had to be settled in conference, the conference committee itself was composed of congressional members of the employment training subgovernment. The pressures of time, the technicalities of the legislation, and the relatively small sums of money involved all made it easier for

Congressmen to trust the joint conferees to make the final compromises.

Non-subgovernment Congressional Voting

Kingdon's model of Congressional voting behavior (1981), though oriented to individual decision-making, proved to be fully complementary with the group process models of Cobb, Elder, Franklin, and Ripley. Kingdon's conceptualization is only strengthened by the identification of cue-givers on distributional policy issues with the Congressional leaders of the relevant subgovernment committees and subcommittees.

One area in which Kingdon's work would be buttressed by a more explicit recognition of the structural characteristics of Congressional policy making is in the identification and analysis of important votes. JTPA was controversial throughout most of its development, but its final passage was almost unanimous. This near-unanimity underscores the perception of Congress that JTPA was primarily distributive legislation. In distributive legislation, opposition tends to coalesce around votes on crucial amendments that would recast distributive provisions in the ways that the opposition favors. The distributive compromises are made before a vote on final

passage. Once the provisions of the bill are set, it is often preferable, even for Congressmen whose policy preferences lost on the floor, to vote in favor of final passage, in order to reap at least a little credit with those to whom the bill distributes funds. Therefore, the subcommittee and committee votes, along with full House floor votes on substitution amendments, were the crucial votes for JTPA. Kingdon's model would not explain why a Congressman would oppose a bill at one stage of the legislative process and then support the bill on final passage, without changing his or her policy positions. To explain such behavior, it is necessary to understand the structure of policy making as presented here.

Other elements in Kingdon's model of voting behavior also help explain the success of JTPA. During 1982, a political consensus formed that some employment training program was necessary; this feeling was, if not caused, then certainly intensified by the rapidly growing unemployment in 1981-82 and the consequent need for at least the appearance of a political response to that unemployment. In terms of Kingdon's model (page 52 above), Congressmen decided that another policy goal had become involved, and the concept of employment training programs as employment programs resurfaced.

It is said of children that when they are given a hammer, everything needs hammering. In the case of Congress, when they need a hammer, everything about them suddenly looks hammer-like. In 1982, Congress needed a quick response to rapidly rising unemployment, and they grasped JTPA as the nearest thing to an employment program they possessed. Once the President indicated satisfaction with the JTPA compromise, Congressmen felt free to vote with their policy goal.

In addition, JTPA--like CETA--was distributive legislation that would deliver some benefits to every Congressional district. Support for final passage, even by those who opposed the bill earlier, established a record for campaign claims of "delivering the goods" to the Congressman's home district.

Further, Democratic members of the subgovernment, especially in the House, were able to muster strong support among their colleagues for an employment training program that retained many of the features and some of the administrative structures of CETA. Republicans and Administration strategists appear to have overestimated the extent of negative feelings about CETA. A substantial number of Democrats had deserted their party leaders during the 1981 budget battle, earning the name "boll

weevil;" this phenomenon did not reoccur during the development of JTPA.

Finally, the eventual achievement of a compromise by Congressional members of the employment training subgovernment from both parties had a strong effect on other Congressmen. Other Congressmen decided to follow the lead of the subgovernment. The achievement of subgovernment-Executive compromise made the legislation noncontroversial, and Congressmen were free to vote with the environment.

Party Affiliation

To what extent did political party labels serve to distinguish between the policy preferences of subgovernment actors? If we grouped the members of the subgovernment according to their policy preferences and performed an intuitive discriminant analysis, Democrats and Republicans would be divided into two large clusters, but with some overlap. In the development of JTPA, Democrats were the more coherent group; they generally supported the continuation of CETA with some modifications. Although Senator Kennedy forged a compromise proposal with Senator Quayle, his agreement was widely interpreted as tactical, the establishment of the

best possible bargaining position while keeping in mind the development of more "purely Democratic" legislation in the House.

Republican subgovernment members overlapped the most with Democrats in their policy views. They quickly realized, as the Administration did not, that their business constituents wanted employment training programs to be continued. Consequently, they were forced to assume the burden of policy initiation and forge the compromises that formed JTPA.

Who Won: Summary

The differential influence of various interest groups is clearer when we distinguish three levels of specificity in the structure of JTPA. On the most general level, that of overall funding, the tide of Reagonomics threatened to sweep all before it, and JTPA was almost submerged along with other social programs. Before JTPA could be designed, the first Reagan budget reductions cut CETA in half. It took a concerted effort by the subgovernment to save as much as they did, in the face of an Administration that originally claimed to oppose any employment training programs.

The second level of the JTPA structure concerned the control of program planning and administration. Here, state, local, and Federal interests clashed, and the subgovernment decided the issues through incremental compromise. States won more influence, but not nearly as much as they desired or the Administration wished them to have. Governors must pass funds through to localities, and were given only limited influence over local programs. The Secretary of Labor was forced to retain an oversight role, so the Administration's original block grant concept was compromised. Most cities were protected in the right to be prime sponsors, and were guaranteed joint control of program content with business and other private groups. At the same time, the private sector, especially business, was given more input into the planning and administrative process. Congress may have given business even more influence over planning than it wanted, to judge by some of the comments reported in Chapter Eight.

The third level of program structure, still more specific and technical, concerned issues such as the planning and operation of training programs, criteria for eligibility, and the content of training. At this level, the influence of employment training practitioners and policy professionals was relatively great. Practitioners gained (or protected) the right to great flexibility in

program structure. Policy professionals gained a mandate for broad-based, uniform performance and evaluation standards (although their form was left to be determined through regulatory action).

Deciding who wins a compromise, like deciding whether a glass is half-empty or half-full, involves a calculus of expectations measured against results. If we believe that the Administration sincerely wanted to cancel active Federal involvement in employment training programs, as some of its officials said in 1981, then the Administration lost. If we believe that the threat of cancellation was merely a feint, or a bargaining chip, then the Administration was much more successful. The Administration's top priorities for an employment training bill--lower funding, no stipends, strict targeting, low administrative expenses--were achieved to a substantial degree.

Representative Hawkins and his Democratic supporters were swimming against the political current when they tried to preserve an activist Federal employment training policy. They lost the money issues. They were successful, though, in retaining an administrative structure that, given more funding, would be able to carry out a considerably more activist policy. In fact, the

structure that was designed for JTPA, in its complexity, multiplicity of administrative levels, and broad scope of permissible activities, is best suited to a much larger program; the practical question was whether it could function efficiently with the smaller funding allotted to it. This question cannot yet be answered.

Incremental Policy and Program Efficacy

JTPA, like CETA, was the result of many compromises, within the parameters set by more general political considerations. The majority of program changes were incremental in nature, even when neither side was pleased by the results.

In the context of employment training distributive policy making, incremental compromise was such a powerful mode of conflict resolution that it took precedence over issues of program functionality. Good compromises do not necessarily make good programs, and the compromises over program control left JTPA with an unwieldy planning and administrative structure, still shot through with ambiguities and unresolved issues. Quite an elaborate planning, administrative, and evaluation system was designed, full of checks and balances designed to protect the interests of subgovernment members. This elaborate

structure was then provided with relatively meager appropriations. It appeared that service delivery areas would find themselves with extensive administrative requirements, small numbers of training opportunities, and strict limits on administrative expenses. This bind is only now (1985) beginning to be felt in the field.

JTPA's mismatched policy elements were a result of fundamental problems in the operation of the policy making process. We can see that the more important the issue, the later in the policy process it is likely to be resolved, especially when, as in the case of JTPA, important policy initiatives challenge existing subgovernment operations. The Administration had more influence outside than inside the employment training subgovernment, and so imposed the greatest policy changes in conference committee negotiations, after all other elements were in place. Proponents of employment training programs had to design the legislation as though they would win their fights with the Administration; when they did not, they were forced to live with the result.

Future Policies

What may we conclude about the prospects for change

Summary of Conclusions

1. Compared to Davidson's findings for the period 1969-72, the identity of subgovernment actors is essentially the same.
2. The employment training subgovernment continues to be marked by internal complexity, vertical integration, and functional autonomy.
3. The situation of the employment training subgovernment is largely that of subgovernment dominance, although the Reagan Administration forced some major adaptations.
4. The only major redistributive issue during the development of JTPA was that of stipends; during the development of CETA's amendments and JTPA, the employment training subgovernment successfully redefined redistributive issues of service to clients as distributive issues--chiefly, the division of monies among governmental units and the provision of subsidies to business.
5. Congressional-bureaucratic relationships over distributional and redistributive issues did tend to correspond to Ripley and Franklin's model, with the Executive branch wielding more influence over redistributive issues.
6. Policy preferences of nonmembers of the employment training subgovernment failed to reach the formal agenda.

7. Policy conflicts were chiefly confined to members of the subgovernment. Issue expansion was used by the Administration, with some success.
 8. Groups receiving resources from CETA attempted to protect their right to receive resources under JTPA.
 9. Issue expansion was limited chiefly by the achievement of compromise within the subgovernment; the redefinition of redistributive issues as distributive was one popular tactic to achieve compromise. Issue expansion was also limited by defining the issue as a technical one, more suitably resolved by reference to policy professionals or deferral to the regulatory process.
 10. Symbols were used successfully in issue expansion, particularly by President Reagan. Appeals were most often made to more general political goals of the Administration, such as budget-cutting.
 11. Symbolic means were used to ease the denial of policy preferences, as in the case of introducing bills that would not receive serious attention.
 12. Issue entrepreneurs were those Congressmen who held the leading structural positions within the subgovernment--subcommittee and committee chairmen and minority leaders.
 13. Party labels were important but not perfect predictors of policy preferences and voting behavior. Republican issue entrepreneurs within the subgovernment broke with the wishes of the Administration to achieve compromise with the Democrats.
 14. Kingdon's consensus model of Congressional voting behavior showed a good fit with the data in the JTPA policy process, when the role of the subgovernment was taken into account.
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in employment training policy? Within the subgovernment, the pattern of distributive policy making is entrenched, and the forces that might move policy in a more redistributive direction are on the defensive. We may expect a major change only if led by the Administration. If the Administration remains cool or hostile to employment training programs, the subgovernment can at best hope to defend the status quo, perhaps winning small incremental additions to funding, rationalized by the need for more skill training or by high unemployment, perhaps absorbing more budget cuts if further reductions in social spending are made.

Is there any way to break out of the straitjacket of incremental change? It appears that radical changes in policy can only be made when the overwhelming majority of the subgovernment agree that it is needed (and when they agree on the direction of change), or when the President successfully uses issue-expansion tactics and mobilizes a coalition to defeat the subgovernment (as in the redistributive model).

The Reagan Administration defined employment training programs as handouts of remedial assistance, to be strictly limited to the deserving poor. It successfully resisted the definition of employment training policy as a

response to the structural problems of the economy, and imposed its "blame the victim" image on the disadvantaged unemployed. Together with business and government interests within the employment training subgovernment, the Administration helped strengthen the distributive elements of employment training policy, a thrust that drew attention away from the problems of the unemployed and disadvantaged.

Unemployment is a persistent structural problem of Western economies. Other governments, most notably in the Nordic countries, have used employment training programs as an important element in their response to unemployment (Rehn, 1980). Used in conjunction with or in place of unemployment compensation schemes, training programs can mitigate the social and psychological costs of unemployment while increasing the productive skills of the workforce and the capacity of the economy. In the 1980s, the United States has turned away from this opportunity, and this constitutes the greatest failure of employment training policy.

If we resign ourselves to the inability of the Administration and subgovernment to pursue a fundamentally more enlightened approach to employment training policy for the rest of this decade, it would be better for

program effectiveness not to tinker much more with the employment training program structure, which could certainly handle increased funding without major changes. Given the context of Federal policy making in the mid-1980s, an incremental increase in existing programs is the best that supporters of employment training programs can hope for.

Elitists and Pluralists

Finally, we return to the controversies between pluralists and power elite theorists. What can the experience of employment training policy making add to our understanding of that debate?

Within the employment training subgovernment, the pluralist model more exactly describes the course of policy making. Most elements of JTPA were the result of incremental compromises within the subgovernment. As we hypothesized, this is most strongly the case in distributional policy making; redistributional issues are more often settled outside the subgovernment. In distributional and in redistributional policy making, issue-expansion tactics may be used to involve a larger public within the policy process. Interest-group pluralism, to use Lowi's term, is a good description of

the normal operation of the employment training subgovernment.

However, employment training policy making also illustrates the power elite theorists' contention that access to the policy making process is highly restricted; very few groups have the power to become pluralists inside the policy making arena. Thus, interest groups that manage to gain access to subgovernments can have a powerful effect on policy, and a source of funds such as a political action committee (PAC) can be a great help in gaining attention and credibility among Congressmen as a force to be reckoned with in a specific policy arena, particularly in distributive policy making, where the subgovernment is most important.

Compared to other domains of national policy, employment training is relatively young. Its subgovernment is rather unusual, since so many members represent other political units (states and cities) rather than private sector groups. We may assume that states and cities have fewer resources to wield in the subgovernment arena, than corporate participants in, for example, the energy or defense sector. In addition, while \$3 to \$8 billion per year in funding may seem to be a considerable sum, it is small compared to the resources commanded by

the subgovernments in the military-industrial complex, and the amount any one governmental unit could receive is relatively smaller still. Those elite theorists looking for confirmation of the control of government policy by a small group of capitalists and their lackeys should concentrate their attention on the truly big-money subgovernments, rather than those that administer social welfare programs.

Nevertheless, there is no evidence that indicates the employment training subgovernment is in any way atypical of subgovernments in general, and it has functioned for nearly twenty years in a manner consistent with the model of subgovernment operations elaborated above. During its lifetime, the subgovernment has shown considerable stability, and subgovernment members remained potent actors in the design of JTPA.

From a conservative point of view, subgovernments could be termed a stabilizing force; they insulate the policy making process from the influence of the unorganized, as well as from the too-rapid effects of shifts in public opinion. If one fears the tyranny of the majority, subgovernments have positive functions; but if one opposes the domination of government by a "power elite" of capitalists, or a small group of powerful

interest groups, then subgovernments are a bastion raised against popular democracy. Worse still, admission to subgovernments seems to be growing ever more difficult, especially in terms of the amount of financial and organizational resources that need to be marshalled to participate in the subgovernment process.

The most disturbing finding of this study is that, even in a relatively unimportant subgovernment, charged with carrying out a social welfare function, access to the formal agenda of decision making was limited to well-organized and well-financed members of the subgovernment, and that the interests of those actually served by employment training programs have received decreasing attention. Elite theorists correctly question the accessibility of government policy making to citizens. If individual citizens are not allowed to participate in setting the agenda for policy making, if the context of policy making is defined by a small number of nonresponsive interest groups and bureaucrats, and if mass participation in democracy is limited to a voter's choice between candidates espousing only the most symbolic and ambiguous "issues," we may, with Titus Livy, fear that decline is at hand.

The inability of the Reagan Administration to make more radical changes in employment training policy, despite its great influence during the "honeymoon" period of 1981, suggests that non-incremental changes in policy are becoming increasingly difficult to achieve in Congress, whatever Administration is in power. At a time when the pace of economic and social change is accelerating, the calcification of the policy making process is a frightening omen of future crises. Our responsibility as citizens, then, is to attempt to raise the level of public consciousness about subgovernments and the policy domains in which they operate; in the terminology of this study, to expand the issue of subgovernment operation until it reaches the public agenda. Activists must develop strategies to gain access to subgovernments, or perfect the techniques of issue-expansion in order to impose change from outside subgovernments.

As students of the policy making process, we should realize that at best we can hope for incremental changes in the structure of subgovernment policy making, and that those who advocate change must organize to represent their interests. Individualism is honored as an American political and intellectual value, but unorganized individuals no longer have a voice in American political

life. To organize for change is difficult, but not impossible; the alternative is to await calamity.

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