

Congressional Research  
Service.

[Misc. publ. C]

Comprehensive employment and  
training act budget for FY82.  
1981.

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT BUDGET FOR FY82

ISSUE BRIEF NUMBER IB81065

AUTHOR:

Rashkow, Ilona

Education and Public Welfare Division

THE LIBRARY OF CONGRESS  
CONGRESSIONAL RESEARCH SERVICE  
MAJOR ISSUES SYSTEM

DATE ORIGINATED 04/07/81  
DATE UPDATED 10/06/81

FOR ADDITIONAL INFORMATION CALL 287-5700



ISSUE DEFINITION

On Mar. 10, 1981, President Reagan issued revisions to the FY82 budget presented to the Congress by former President Carter. Among the revisions was a proposed \$6 billion reduction in budget authority in the programs under the Comprehensive Employment and Training Act (CETA). The Department of Labor's revised budget request provided for the phaseout of the public sector employment (PSE) programs funded under CETA and the merger of three separate grant programs funded under separate titles of CETA into a single block grant to State and local government prime sponsors. Reconciliation legislation passed by the Senate and House incorporates some of the Administration's major recommendations with regard to CETA including the elimination of Public Service Employment programs. Further, the reconciliation bill, as agreed to in conference, provides for the reauthorization of CETA for one year (through FY83) if neither House passes a reauthorization bill by Sept. 10, 1982.

BACKGROUND AND POLICY ANALYSIS

## I. Reagan and Congressional FY82 Budget Targets and Reconciliation

For the past few years, funding for the programs under the Comprehensive Employment and Training Act has been steadily reduced from the peak level of \$12.7 billion appropriated for FY77. The Supplemental Appropriations and Rescissions Act for 1981 approved by Congress provided \$7.659 billion. For FY82, Carter asked for \$9.640 billion; the CETA budget requested by the Reagan Administration for FY82 totaled \$3.567 billion in new budget authority. Under the Reagan proposal, there would have been \$1.5 billion authority for comprehensive employment and services; \$215 million for special Federal responsibilities; \$734 million for the Job Corps; \$766 million for summer youth activities; and \$325 million for special efforts in the private sector. The reconciliation bill as agreed to provides total FY82 funding authorization of \$3.895 billion, distributed as shown on Table 2. Table 1 shows the funding history of CETA since its inception; Table 2 breaks down the funding by title for fiscal years 1981 and 1982.

TABLE 1. CETA funding: New budget authority

(dollars in billions)

FY75	\$3.817
FY76	5.662
FY77	12.737
FY78	3.378
FY79	10.320
FY80	8.128
FY81	7.659
FY82	3.895

\*This tables indicates new budget authority. Additional funding authority has been available for each of the years, particularly FY78, due to carry-over funds.

TABLE 2. CETA funding: new budget authority  
(Dollars in billions)

	FY81 1/
Title II	
Parts B and C -- Comprehensive employment and training services	\$2.102
Part D -- Transitional public service employment for the economically disadvantaged	2.195 (1.343) 2/
Title III	
Special federal responsibilities	0.292 (0.536) 3/
Title IV	
Part A -- Youth employment demonstration programs	0.825
Part B -- Job corps	0.561
Part C -- Summer youth	0.839 (0.800) 4/
Title VI	
Countercyclical public service employment	0.495
Title VII	
Private sector initiative program	0.150
Title VIII	
Young adult conservation corps	0.200 (0.142) 5/
	-----
Total new budget authority**	\$7.659 (6.954)

1/ Continuing appropriations, FY81 (P.L. 96-536); Supplemental Appropriations, FY81 (P.L. 97-12)

2/ Deferral of \$607 million from II-D in FY81 to II-B, C in FY82; Reprogramming of \$245 million to title III (requested and partially approved).

3/ Carry-over of \$46 million from FY80; deferral of \$47 million in FY81 to FY82, reprogramming of \$245 million from title II-D.

4/ Deferral of \$39 million from FY81 to FY82.

5/ Deferral of \$58 million from FY81 to FY82.

\* Numbers in parentheses indicate total amount available; see footnotes for explanations.

\*\* Totals may not add due to rounding.

	FY82			<u>P.L. 97-35</u>
	Reagan <u>Requests</u> 1/	<u>Reconciliation</u> Senate 2/	<u>Authorizations</u> House 3/	
9/				
Title II				
Parts B and C --				
Comprehensive				
employment and				
training				
services	\$1.528 (2.135) 4/	\$1.496 (2.103) 4/	\$1.335 (1.942) 4/	\$1.431 (2.038) 4/
Part D -- Tran-				
sitional public				
service employ-				
ment for the				
economically				
disadvantaged				
	0	0	0	0
Title III				
Special				
Federal				
responsibilities	0.214	.219	.213	.219
Title IV				
Part A -- Youth				
employment				
demonstration				
programs	0	.406	.600	.576
Part B -- Job				
corps				
	0.734	.628	.607	.628
Part c --				
Summer youth				
	0.766 (.805) 6/	.766 (.805) 6/	.865 (.904) 6/	.766 (.805) 6/
Title VI				
Countercyclical				
public service				
employment	0	0	0	0
Title VII				
Private sector				
initiative				
program	0.325	.310	.193	.275
Title VIII				
Young adult con-				
servation corps				
	0 (.058) 7/	0 (.058) 7/	0 (.058) 7/	0 (.058) 7/
Total new budget				
authority	3.567 (4.318)	3.901 8/ (4.576)	3.813 (4.564)	3.895 (4.646)

1/ President Reagan's March budget revisions

2/ S. 1377, Omnibus Reconciliation Act of 1981, as passed by the Senate.

3/ H.R. 3982, Omnibus Reconciliation Act of 1981, as passed by the House.

- 4/ Deferral of \$607 million from II-D in FY81 to II-B, C in FY82.
  - 5/ Deferral of \$47 million from FY81 to FY82.
  - 6/ Deferral of \$39 million from FY81 to FY82.
  - 7/ Deferral of \$58 million from FY81 to FY82.
  - 8/ Includes \$75 million for program administration by the Employment and Training Administration.
  - 9/ Omnibus Budget Reconciliation Act of 1981.
- \*Numbers in parentheses indicate total amount available; see footnotes for explanations.
- \*\*Totals may not add due to rounding.

## PUBLIC SERVICE EMPLOYMENT

Public service employment operates under two sections of CETA. The first is aimed primarily at the long term structurally unemployed, those who cannot hold a full time, private sector job without additional training, education, or other kind of aid (title II-D) and referred to in this paper as "counterstructural." The second is aimed at counteracting cyclical increases in unemployment caused by economic downturns (title VI) and termed "countercyclical."

The following table shows the average job slot levels for public service employment for fiscal years 1980-1982.

TABLE 3. Average job slot levels for public service employment  
(In thousands)

	FY80	FY81 (Carter)	FY81 (Reagan)	FY82 (Carter)	FY82 (Reagan)
Counterstructural (Title II-D)	206	240	147	240	0
Countercyclical (title VI)	122	100	86	100	0
Total	328	340	233	340	0

Carter Request

With an anticipated unemployment rate of 7.6% in FY81, former President Carter requested funds to continue the Transitional Public Service Employment for the Economically Disadvantaged program (title II-D) unchanged and to stop the phasedown of the Countercyclical Public Service Employment program (title VI). His FY82 budget request would have required \$2.814 billion to fund 240,000 jobs in the economically disadvantaged program and \$1.142 billion to fund 100,000 jobs in the other (total: \$3.956 billion).

This budget request represented an increase over the amount Congress approved for FY81 in the second continuing resolution. In the case of the counterstructural program, the increase would have been \$619 million or 28%. In the case of the countercyclical program, the increase would have been \$413 million or 57%. However, the large increase in the latter program was more apparent than real. The difference in new budget authority between FY81 and FY82 was due primarily to the fact that no excess funds are expected to be carried into FY82, while substantial funds were carried into FY81 from appropriations for previous years.

The Carter-requested increases also offset higher unit costs per person employed due to inflation and legislative change, which raised the average CETA public service employment wage from \$7,200 to \$8,000. The unit costs for the counterstructural program have risen from an estimated \$10,385 in FY81 to \$11,496 in FY82. The countercyclical unit costs have risen from an estimated \$10,150 to \$11,294.

Reagan Request

The savings in the Reagan proposal of Mar. 10 reflect total elimination of CETA public service employment by the end of FY81. However, because CETA funds are available for obligation for 2 years and may be expended for up to 2 years after the date of obligation, maximum savings in outlays in 1981 and 1982 require phasing out the program in 1981. As Table 3 indicates, the Administration is deferring \$607 million of counterstructural PSE funds in FY81 to be used instead for comprehensive employment and training services under title II-B and II-C in FY82. It is also reprogramming \$242 million of FY81 counterstructural funds to be used for unemployment insurance benefits for laid-off public service employment workers under title III.

Congressional Action

In neither the House nor Senate versions of the Omnibus Reconciliation Act were funds authorized for the continuation of public service employment.



TABLE 4. Public service employment funding  
(Dollars in billions)

	<u>FY81</u>			Funding Authority Available	Outlays
	FY81 Sup- plemental and Rescis- sion Act Level	Rescission & Reprogramming	Deferrals to FY82		
Title II-D Traditional employment opportunities for the economically disadvantaged	\$2.195	-.245 1/	-.607 2/	1.343	1.534
Title VI Countercyclical public service employment program	.729	-.234 3/		.495	.844

TABLE 4, continued  
FY82

	Budget Authority	Funding Authority Available	Outlays 4/
Title II-D Traditional employment opportunities for the economically disadvantaged	0	0	.046
Title VI Countercyclical public service employment program	0	0	.026

- 1/ Reflects reprogramming of \$245 million from title II-D to title III in FY81.
- 2/ Reflects deferral of \$607 million from title II-D in FY81 to title II-B and C in FY82.
- 3/ Reflects rescission of \$234 million of title VI FY81 Budget Authority.
- 4/ CETA funds are available for obligation for 2 years and may be expended for up to 2 years after the date of obligation.

### Population Affected

Eligibility for participation in public service employment is based on income and unemployment. For the countercyclical program (title II-D), eligibility is limited to persons: (1) who are economically disadvantaged (defined as income which does not exceed the poverty level or 70% of the lower living standard income level which, for a family of four, ranges from \$7,830 to \$9,740, depending on geographic location) and unemployed at least 15 weeks of the last 20 weeks; or (2) who are, or whose families are, receiving Aid to Families with Dependent Children (AFDC) or Supplemental Security Income (SSI).

Eligibility for participation in the countercyclical program (title VI) is limited to persons: (1) whose family income does not exceed 100% or the lower living standard income level (for a family of four, \$11,180 to \$13,910) and who have been unemployed for at least 10 out of the last 15 weeks; or (2) who are, or whose families are, receiving AFDC or SSI.

As a result of the phaseout of PSE under CETA, the individuals who currently hold jobs completely or partially funded with CETA resources must either be absorbed into the regular State or local government payrolls, be placed in unsubsidized jobs in the private sector by the prime sponsor, or seek employment elsewhere (see Table 3). However, those who lose their jobs will be eligible for unemployment compensation.

### YOUTH PROGRAMS

Both former President Carter and President Reagan proposed deferring \$58 million of funding in FY81 for the Young Adult Conservation Corps, leading to a complete phaseout in FY82. In addition, both former President Carter and President Reagan called for a curtailment of summer youth activities and a slight expansion of Job Corps activities over the FY81 continuing resolution level.

In the Carter budget, a major increase in funding for a new youth initiative was requested. The initiative was proposed for FY81, passed the House, and was reported by the Senate Human Resources Committee, but the full Senate failed to complete action on the legislation. For FY82 Carter requested a total of \$1.125 billion for 194,000 slots under the initiative, an increase of \$250 million above the FY81 level of \$875 million for the Youth Employment and Training programs and the Youth Community Conservation and Improvement Projects under title IV-A of CETA.

President Reagan did not request funding for the existing title IV-A youth programs (authorization for which was extended in 1981 through FY82), nor was a new youth initiative proposed. The background material accompanying the Mar. 10 budget document stated that the Youth Community Conservation and Improvement Projects, as well as the Youth Employment and Training Programs, be consolidated under Comprehensive Employment and Training Services. The total amount budgeted for title II-B and II-C, the Administration's proposed consolidated program for training both adults and youths, would have been \$2.135 billion, an increase of \$17 million above the Carter request. The result is that by not requesting any funds specifically targeted on youth, the net amount for training would have been reduced by \$875 million from the FY81 level.

The summer youth jobs program is expected to use only \$800 million of the \$839 million granted in budget authority for FY81. The Administration requested that the \$39 million difference be deferred to FY82 and added to the budget authority of \$766 million, thereby roughly equalling 1981 funds. Accordingly, the budget assumed that an equal number of jobs will be available (between 800,000 and 900,000).

The Job Corps programs have been steadily increasing over the last 2 years, with an over 30% increase in new budget authority proposed by Reagan for FY82. These funds are expected to support 44,000 jobs at one of the highest unit costs in all of CETA, up from an estimated \$13,193 in FY81 to \$14,115 in FY82.

### Congressional Action

The House, in H.R. 3982, the Omnibus Reconciliation Act of 1981, authorized \$600 million funding for the Youth Employment Demonstration Programs (title IV-A) for FY82 and specifically prohibited appropriations for fiscal years 1983 and 1984. The Senate bill, S. 1377, limited appropriations for these youth programs to \$406 million in FY82 and provided no limitations on appropriations for FY83 and FY84. In conference, the funding level agreed upon was \$576 million, with no limitations on funding for fiscal years 1983 and 1984.

The Job Corps was authorized at \$607 million by the House and \$628 million by the Senate; the summer youth jobs program at \$865 million by the House and \$766 million by the Senate. The House bill set specific limits on these two programs for fiscal years 1983 and 1984 and, again, the Senate bill did not. In conference, the Senate funding levels were accepted with no specific limitations for FY83 and FY84.

### COMPREHENSIVE EMPLOYMENT AND TRAINING

Under the original CETA legislation, the comprehensive employment and training services portion of the program (title II-B and C) was viewed as the primary vehicle for providing services, and it authorized the full range of training and employment related services, including: classroom and on-the-job training, work experience, public service employment, basic and remedial education, payment of allowances, counseling and orientation, job search assistance, and supportive services. The administering agencies (i.e., prime sponsors) were given the authority to design their programs, choose the delivery mechanism and implement the services. They were also made responsible for deciding who would be served and in what ways.

The purpose of the comprehensive employment and training component is to "...establish programs to provide comprehensive employment and training services in order to ease barriers to labor force participation encountered by economically disadvantaged persons, to enable such persons to secure and retain employment at their maximum capacity, and to enhance the potential for individuals to increase their earned income. These programs include the development and creation of training, upgrading, and retraining."

Although the range of services provided under parts B and C of title II are similar, the eligibility criteria for the two comprehensive employment and training components differ. One is limited to the economically

disadvantaged, defined as family income at or below 70% of the Bureau of Labor Statistics lower-living standard budget (Part B); and the other (Part C) has no income eligibility criterion. The program requires only that an individual be working at less than his or her full skill potential, primarily those in entry level positions or positions with little advancement opportunity.

The Carter budget request for comprehensive employment and training services (title II-B and C) was \$2.117 billion. The level of funding was to support an operating level of 325,000 to 375,000 training and job slots.

The amount budgeted for FY82 by the Reagan Administration for the proposed consolidated program for training both adults and youth (title II - B,C) would have been \$2.135 billion, \$1.528 billion in new budget authority and \$607 million deferred from the economically disadvantaged public service employment program (title II-D) in FY81. The number of jobs expected to be funded were between 360,000 and 415,000. In FY80, the jobs provided under the programs to be consolidated reached a combined total of 547,000 slots; in FY81 between 523,000 and 573,000 under the Carter budget, and between 495,000 and 595,000 slots under the Reagan proposal.

The House limited appropriations for the comprehensive employment and training services part of CETA to \$1.335 billion for FY82 and \$3.084 billion for FY83. The Senate bill limited the funding to \$1.496 billion for FY82 and did not limit appropriations for FY83. The House, in allocating funds under this program, made no changes in the current law with respect to allocations. The Senate increased from 85% to 86.5% the funds to be distributed to a prime sponsor. The Senate, unlike the House, authorized reductions of the Governors' discretionary funds from 12.5% to 10% with authority to allocate the cuts. In conference, the funding level was set at \$1.431 billion and the Senate provisions relating to allocations were accepted.

#### SPECIAL FEDERAL RESPONSIBILITIES (TITLE III OF CETA)

CETA authorizes employment and training assistance to special population segments that have particular disadvantage in the labor market, including Indian and other Native Americans, migrants and seasonal farmworkers, offenders, persons of limited English speaking ability, handicapped individuals, displaced homemakers, older workers, and other persons whom the Secretary of Labor determines require special assistance. It also provides for technical assistance and training for Federal, State, and local personnel involved in the planning and administration of employment and training programs; for a comprehensive system to develop labor market information; and for research, development and evaluation.

Federal funds are directed through grants and contractual agreements with industrial, educational and State organizations, and with Federal agencies to special segments of the population to provide additional employment and training services. Of the base amount available to the prime sponsors under the comprehensive employment and training program (see above), the Secretary must reserve an amount not less than 4.625% for migrant and seasonal farmworkers, and an amount not less than 4.5% for Indian and other Native American programs.

Former President Carter requested \$378 million for FY82 for Native Americans, migrant and seasonal farmworkers, and other so-called "special national programs and activities," and program support functions. This

represented a \$59 million increase over 1981 and included a \$20 million program increase for special national programs and activities and a \$39 million financing adjustment to replace carryover funds available in FY81 but not available in FY82. An additional \$14 million for program support activities was also requested.

The Carter budget requested \$50 million to support a "Positive Adjustment Assistance" demonstration effort designed to assess the merits of different methods and incentives for retraining and relocating displaced workers. The Carter FY82 budget also requested \$174 million in funding for Welfare Reform Demonstration Projects to continue the testing of job search and employment strategies for persons eligible for welfare in 12 locations. An estimated 33,000 to 35,000 persons were expected to receive assistance in FY82 at these sites.

The Reagan budget would have saved \$150 million through the elimination of FY82 funding for special national programs. The percentage set aside for Native American and migrant programs, however, would not be cut.

The Reagan budget withdrew the Carter request of \$50 million for FY82 for the proposed new Positive Adjustment Assistance Demonstration Program for dislocated workers. The Welfare Reform Demonstration Programs were also proposed to be phased out in FY81 and FY82. Program support activities are reduced by \$16 million.

The House bill limited appropriations for title III to \$213 million for FY82, \$234 million in FY83, and \$257 million in FY84. The Senate bill had a funding level of \$219 million for FY82 and no limit specified for FY83 and FY84. In conference, the Senate provisions were accepted.

## PRIVATE SECTOR

The Private Sector Initiative program is a demonstration project effort authorized by title VII of CETA to determine the effectiveness of various approaches to increasing the involvement of the business community in employment and training programs. President Carter requested \$325 million for the program, and the Reagan request remained the same. This is the same amount that was available in FY80 in new budget authority, but it is double the amount requested and granted in FY81. The House set a level of \$193 million for FY82, \$222 million for FY83, and \$239 for FY84. The Senate limited appropriations to \$310 million in FY82 with no limits set for FY83 and FY84. In conference, a funding level of \$275 million for FY82 was agreed upon, with no limit set for FY83 and FY84.

## II. Appropriations

On Sept. 16, 1981, the House passed H.J.Res. 325, making continuing appropriations for FY82. Among the provisions of this bill was that the level of expenditure for FY82 would be the same as that appropriated for FY81 unless either the House or Senate were to pass an appropriations bill by Oct. 1. In that case, funding would be at the lower of the two levels.

On Sept. 23, 1981, the House Committee on Appropriations reported H.R. 4560, making appropriations for the Departments of Labor, Health and Human Services, and related agencies for FY82. The bill included \$3.655 billion for the Comprehensive Employment and Training Act activities, an increase of

\$88 million over the Reagan budget request, and a reduction of \$4.004 billion from the FY81 appropriation.

On Sept. 30, 1981, the House and Senate agreed to the Conference Report on H.J.Res. 325. The conferees had agreed that for the Department of Labor, among other agencies, the level of funding would be the lower of the House passed rate or the level for FY81, the House having deemed passed its Labor-HHS bill as reported. Thus, the level of funding for the CETA program is set at a rate of \$3.655 billion for the period Oct. 1-Nov. 20, 1981.

The following table compares the FY81 appropriation level, the FY82 Reagan request, and the FY82 Continuing Resolution levels.

Table 5. CETA Funding: New Budget Authority (Dollars in billions)

	1/ FY81	2/ FY82 Reagan Request	3/ FY82 Cont. Res.	FY82 Cont. Res. Compared with-	Reagan Request
Title II B, C Comprehensive Employment & Training Services	\$2.102	\$1,528	\$1,411	-0.691	-0.117
Part D- Transitional Public Service Employment	2.195	0	0	-2.195	-
Title III Special Federal Responsibilities	0.292	0.214	0.201	-0.091	-0.013
Title IV Part A - Youth Employment Demonstration Programs	0.825	0	0.400	-0.425	+0.400
Part B-Job Corps	0.561	0.734	0.628	+0.067	-0.106
Part C-Summer Youth	0.839	0.766	0.766	-0.073	-
Title VI Countercyclical Public Service Employment	0.495	0	0	-0.495	-
Title VII Private Sector Initiative Program	0.150	0.325	0.249	+0.099	-0.076
Title VIII Young Adult Conservation Corps	0.200	0	0	-0.200	-
Total new budget Authority	\$7.659	\$3.567	\$3.655	-4.004	+0.088

1/ Continuing appropriations, FY81 (P.L. 96-536); Supplemental Appropriations, FY81 (P.L. 97-12).

2/ President Reagan's March budget revisions.

3/ Continuing appropriations, FY82 (P.L. 97-51) through Nov. 20, 1981.

## POLICY ANALYSIS

There are basically two major thrusts in the Reagan CETA budget for FY82: (1) the elimination of public service employment and the Young Adult Conservation Corps; and (2) the consolidation of three separate programs into a single block grant. The conferees accepted the first but not the second.

## ELIMINATION OF PSE AND YACC

The reduction in public service employment programs, according to the Administration, will return CETA to its original purpose of improving the employability of the low-income, long term or structurally unemployed by providing them with skills that are marketable in the private sector. Public service employment programs, charge their critics, provide little skills training. Some claim that the work experience that PSE participants receive in public sector jobs has not helped most of them in seeking private sector employment, often because the types of jobs they get in the public sector have no counterparts in the private sector.

Some analysts feel that PSE has proven to be a poor countercyclical device. High levels of PSE employment were reached only in 1977-78 after the depth of the 1974-75 rescission had long passed. Some evidence indicates that the net job creation impact of PSE programs has been relatively small in the longer term. According to the Administration, several studies have shown that a high proportion of CETA employment supplants, rather than augments, hirings that would have occurred regardless of the presence of CETA, effectively diverting funds that would have been used for this purpose to other endeavors. However, the 1978 CETA reauthorization amendments mandated an annual, average, federally supported wage rate for PSE jobs that is lower than most skilled labor and professional positions. This was designed to reduce substitution, insure that the maximum number of employment and training opportunities be provided to participants, and assure that the types of PSE jobs funded be compatible with the skill level of disadvantaged persons in the CETA-eligible population. There appears to be some evidence that the substitution problem which occurred prior to the amendments may have been ameliorated, although it is premature to make a conclusive statement.

Proponents of PSE point out that these programs have always had two basic purposes: to provide employment to people unable to secure unsubsidized employment either because of the unemployment rate or because of lack of skills; and to provide meaningful public services. They point out that PSE programs have allowed local governments to provide a wide range of services, including increased police and fire protection, child care services, education services, and others. The loss of PSE would require local governments to provide the funds to maintain these services or eliminate them.

Proponents also argue that eliminating PSE would decrease the number of jobs targeted on the poor. As Table 5 indicates, almost 90% of the PSE recipients are economically disadvantaged.

Proponents also argue that eliminating PSE would decrease the number of jobs targeted on the poor. As table 5 indicates, almost 90 percent of the PSE recipients are economically disadvantaged.



TABLE 6. Selected characteristics of CETA participants, FY79

Characteristics	Title IIB/C	Title IID	Title VI
U.S. total	1,194,400	459,800	790,000
Percent	100	100	100
Male	47	52	57
Female	53	48	43
Age:			
Under 22 years	48	23	22
22 to 44 years	45	63	63
45 to 54 years	4	9	9
55 years and over	3	6	6
Education:			
High school student	19	2	2
High school dropout	29	26	27
High school graduate equivalent	39	44	42
Post high school attendee	13	28	29
Economic status:			
AFDC recipient	18	13	12
Public assistance recipient	8	8	7
OMB poverty level a/	71	68	63
71-85% BLS lower living standard b/	1	1	1
Above 85% lower living standard	1	1	1
Economically disadvantaged c/	90	86	86
Race/ethnic group:			
White (not Hispanic)	51	55	54
Black (not Hispanic)	33	29	30
Hispanic	13	13	12
American Indian or Alaskan Native	2	1	2
Other	3	2	1
Limited English-speaking ability	5	5	4
Migrant or seasonal farm family member	1	1	1
Handicapped	7	5	5
Offender	8	5	5
UI claimant	5	11	12
Veteran status:			
Veteran	9	16	17
Vietnam-era d/	4	6	6
Special e/	1	3	3
Special disabled	1	1	1

---

a/ In 1978, the poverty level for a non-farm family of four established by the Office of Management and Budget (OMB) was \$6,662.

b/ The Bureau of Labor Statistics (BLS) lower living standard income level for a nonfarm family of four in 1978 was \$11,546.

c/ A person who receives, or is a member of a family that receives, cash welfare payments or has, or is a member of a family that has, a total family income (for the 6-month period prior to program application) that, in relation to family size and location, does not exceed the most recently established poverty levels determined with criteria established by OMB or 70% of the BLS lower living standard income level, whichever is higher.

d/ Served between Aug. 5, 1964, and May 7, 1975, and are under age 35.

e/ Served in Indochinese or Korean theater of operations between August 1964 and May 1975.

SOURCE: Employment and Training Report of the President, FY79, p. 27.

Both the Carter and Reagan Administrations proposed the termination of the Young Adult Conservation Corps (YACC) employment on public lands for unemployed youth ages 16 to 23 of all income levels. Proponents of the reduction argue that the program is one of the most costly and least targeted of Federal employment training programs for youth. Only one-third of the YACC participants are economically disadvantaged, compared to more than 80% for all other CETA youth programs. Less than 30% of the participants are minorities, compared to more than 50% in the other youth programs, including more than 70% in both Job Corps and the summer program.

Proponents of the program point out that there will be a reduction in Federal and State conservation work; the program provides gainful employment for 16-23 year-olds of all social, economic, ethnic, and racial classification, which in and of itself is a useful learning experience; and the program helps develop an understanding and appreciation of the Nation's natural environment and heritage.

#### CONSOLIDATION OF YOUTH PROGRAMS AND COMPREHENSIVE EMPLOYMENT AND TRAINING SERVICES

Although the Administration had not discussed how such a consolidated training program might operate, much less the practical ramifications of consolidation, the basic issue was the desirability of broad comprehensive programs serving many purposes versus more narrowly targeted efforts focusing on several separate objectives.

Beginning in 1961, employment and training programs (then referred to as "manpower" programs) grew from the relatively small provisions of the Area Redevelopment Act to a complex system of programs funded under different statutory authorities and aimed at different clientele groups. By the end of the 1960s and early in the 1970s, criticisms were raised over the number of separate categorical programs; excessive duplication of systems for delivery of manpower services; and over-centralization of program administration at the national level. As a result, in December 1973, after several years of legislative deliberation, Congress enacted the Comprehensive Employment and Training Act designed to achieve what has been described as a "comprehensive manpower policy." Program control shifted from the Federal level to more than 400 State and local units of government, and programs lost their separate identities and funding.

In theory, the Act was designed to achieve the following objectives: (1) provide job training and employment for the unemployed, underemployed, and economically disadvantaged; (2) eliminate the waste and inefficiencies of separate project administration by encouraging the development of comprehensive manpower programs; and (3) provide greater responsiveness and flexibility to local needs by placing manpower planning under State and local political control and decisionmaking.

The heart of the legislation was contained in the first two titles. Title I established a program of financial assistance to State and local governments for consolidating most of the employment and training services provided under the 1962 Manpower Development and Training Act and the 1964 Economic Opportunity Act. Title II provided for public service employment in areas with an unemployment rate of 6.5% or higher for three consecutive months.

In the 6 years that the program has been operational, the statute has been amended five times, and funding has more than doubled from \$3.8 billion in FY75 to \$8.1 billion in FY80. Experience and factors external to the program resulted in several legislative amendments and administrative modifications. During the recession of 1974, CETA was pressed into service as part of a strategy for combating rising unemployment, and the emphasis of the Act began to shift to countercyclical Public Service Employment (PSE) programs. In December 1974, Congress passed the Emergency Jobs and Unemployment Assistance Act, adding a new countercyclical PSE program (title VI) to CETA and authorizing \$2.5 billion to create 250,000 additional positions for 1 year. Faced with persistently high levels of unemployment, Congress extended the countercyclical PSE program in 1976, and expanded PSE as part of a national program to stimulate the economy. The 1978 amendments reorganized the titles of the Act.

Comprehensive employment and training services for the economically disadvantaged are now provided in title II; youth programs including those under the Youth Employment and Demonstration Projects Act of 1977, the Job Corps, and the summer youth program are under title IV; public service employment is provided under titles II-D and VI. Title VIII continues the Youth Adult Conservation Corps established by the Youth Employment and Demonstration Projects Act of 1977.

The extent to which the objectives of CETA are met depends upon who is served, the services they receive, and the outcomes of these services; it is here that categorization becomes an issue. The original Act expressed concern for the poor, youth, minorities, older workers, migrant farm workers, Indians, and others who are at a disadvantage in the labor market. However, the specific eligibility requirements of CETA were much broader. Not only were the disadvantaged eligible, but also the unemployed, and underemployed generally. Moreover, rising joblessness in the 1970s expanded the constituency to include persons not ordinarily in need of manpower services. In the first 2 years of CETA, the combined effect of these conditions enlarged the pool of program applicants, and enrollees were older, better educated, and less disadvantaged than their predecessors in similar pre-CETA programs.

For a brief period in its history CETA became a split program. The comprehensive employment and services program, the special Federal responsibilities, and the Job Corps were serving predominantly persons with structural handicaps; the job creation titles were enrolling the job-ready unemployed, generally persons higher on the socioeconomic ladder. They were not unlike those in the earlier Public Employment Program, but considerably less disadvantaged than the rest of the participants of CETA. The existence of two types of programs tended to divide CETA clientele into separate populations and to reinforce the distinction between them. The programs were compartmentalized, and this discouraged both the transfer of manpower-training clients to public service employment program jobs and the use of manpower-training resources to train public service employment participants. The 1976 amendments to title VI that emphasized creating jobs for the long term, low-income unemployed, introduced a third manpower design -- one that embodies both an economic response to cyclical unemployment and enlists a training component to serve structural purposes as well.

The 1978 CETA reauthorization amendments targeted CETA resources largely to economically disadvantaged and low-income persons, except for the upgrading and retraining program authorized by title II-C. Applicants for other CETA programs must meet eligibility criteria based on both income and

employment status.

To highlight this division of CETA recipients, it might be useful to examine the programs proposed for consolidation, as well as the characteristics of the participants and the funding histories.

The Youth Employment and Demonstration Projects Act of 1977, which amended CETA, created four major demonstration programs, each representing a different way of addressing youth employment problems. The Reagan Administration proposes to consolidate two of these (the Youth Community Conservation and Improvement Projects and the Youth Employment and Training Program) with the comprehensive employment and training services program of CETA (title II-B and C). No funds were requested for the Youth Incentive Entitlement Pilot Projects, authorization for which expires June 5, 1981. The fourth program, the Young Adult Conservation Corps, was discussed earlier.

The Youth Community Conservation and Improvement Projects (YCCIP) program was designed to develop the vocational potential of jobless youth by providing them with work of tangible community benefit. The program is for unemployed 16- through 19-year-olds, with preference given to economically disadvantaged out-of-school youth with the most severe difficulty in finding employment; 90% of the participants in FY79 were economically disadvantaged, and more than half of the youth were high school dropouts.

The Youth Employment and Training Program (YETP) was designed to enhance the job prospects and career preparation of low-income youths aged 16 through 21 who have the most severe problems in entering the labor force. A broad variety of employment and training programs, including work experience opportunities in community activities, outreach services, counseling education to work transition, institutional, and on the job training, job restructuring, and child care services are authorized. Eligible youths are from families whose incomes do not exceed 85% of the Bureau of Labor Statistics lower living standard income level. Youths from families with lower incomes receive preference for enrollment. The participants are divided fairly evenly between male and female. Almost 80% are economically disadvantaged and more than half are still in school.

Both programs serve youth predominantly in the 16- to 19-year-old age group.

As described in an earlier section, the comprehensive employment and training program (title II-B and C) provides employment and training services including classroom and on-the-job training, work experience, public service employment, basic and remedial education, payment of allowances, counseling and orientation, job search assistance, and supportive services to the economically disadvantaged, defined as family income at or below 70% of the Bureau of Labor Statistics lower-living standard budget (\$7,830 to \$9,740) and to those individuals working at less than their full potential, primarily those in entry level positions or positions with few advancement opportunities.

As Table 5 indicates, 90% are economically disadvantaged. Almost half are under age 22 and most of the remainder are under age 44. The participants are divided almost evenly between male and female.

The participants in this program have a higher pre-enrollment median hourly wage rate, indicating more work experience. As would be expected, the

postenrollment (unsubsidized) median hourly wage rate is also higher than for those participating in the youth programs discussed above.

The effect of the proposal on the distribution of services and on participants is uncertain. The services currently provided through the two youth programs considered for consolidation (as well as those provided under the summer youth program which is not part of the 1982 consolidation proposal) can be provided through the comprehensive employment and training services (title II-B,C); however, no legislative changes are being proposed to take into account differences among emphases in programs or to ensure that more services would be provided to youth. Given the proposed reduced funding levels, it seems likely that youth would have fewer services than under current policies, especially since youth have different needs from adults and are generally harder to serve in conventional programs.

Among the options suggested were to adopt the Administration's proposal to fund services only through the consolidated program, but provide sufficient funds to continue the current level of services for youth. (See discussion below.) Another option was to consolidate all the youth programs (including summer youth and Job Corps), but keep them separate from the programs for which adults are eligible.

A major concern regarding the consolidation proposal was the level of funding proposed. As Table 6 indicates, the proposed funding for the consolidated program is less than half of the amount requested by former President Carter for FY82 and approximately half of what Congress appropriated for FY81. Many questioned whether the funds are sufficient to serve adequately both the title II-B and C population and the youth formerly served under the title IV youth programs. The Administration stated that reduced administrative costs would make up the difference. Opponents might concur that 10-15% of the difference may be saved because of consolidated administration, but that a cut from \$3 billion to \$1.5 billion goes well beyond what could be recouped from increased administrative efficiency.

In the First Budget Resolution for FY82, the conferees accepted the Administration's budget for employment and training programs. In the reconciliation bill, both the House and Senate provided funds for the youth programs, as discussed above. In the FY82 continuing resolution, \$400 million was appropriated for youth programs under Title IV-A of CETA through Nov. 20, 1981.

TABLE 7. Budget authority for programs selected for consolidation

	FY79 1/	FY80 2/	FY81 3/	FY82 4/ (Carter)	FY82 5/ (Reagan)
Title II-B, C	\$1.914	\$2.054	\$2.117	\$2.117	\$1.528
YCCIP	0.107	0.134	0.129	0	0
YETP	0.500	0.692	0.746	0	0
Youth Initiative	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.125</u>	<u>0</u>
Total Youth	(0.607)	(0.826)	(0.875)	(1.125)	(0)
TOTAL	\$2.521	\$2.880	\$2.992	\$3.242	\$1.528

- 1/ Continuing Appropriations, FY79 (P.L. 95-482)  
2/ Continuing Appropriations, FY80 (P.L. 96-223)  
3/ Continuing Appropriations, FY81 (P.L. 96-536)  
4/ President Carter's January budget request  
5/ President Reagan's March budget revisions

LEGISLATION

P.L. 97-51, H.J.Res. 325

Continuing appropriations for FY82. Reported by Committee on Appropriations Sept. 14, 1981 (H.Rept. 97-223). Passed House Sept. 16, 1981. Reported by Senate Appropriations Committee (without report) Sept. 23. Passed Senate Sept. 25. Conference report passed by both Houses Sept. 30, 1981. Signed into public law Sept. 30, 1981.

P.L. 97-35, H.R. 3982

Omnibus Reconciliation Act of 1981. Authorizes a total of \$3,813 million for CETA programs for FY82. Authorizes funds for employment and training services, special Federal responsibilities, youth employment demonstrations, Job Corps, summer youth programs, and the private sector initiative program through FY84. No funds are authorized for public service employment or the young adult conservation corps. Reported by the Committee on the Budget June 19, 1981 (H.Rept. 97-158). Jones substitute as amended by Latta passed House June 26, 1981. S. 1377 introduced June 17, 1981; reported June 17, 1981 (S.Rept. 97-139). Passed Senate June 25, 1981. Conference report passed by both Houses July 31, 1981 (H.Rept. 97-208). Signed into law Aug. 13, 1981.

H.R. 4560 (Natcher)

Departments of Labor, Health and Human Services, and Education, and related agencies appropriations for FY82. Includes a spending level for CETA at \$3.655 billion. Reported to House Sept. 23, 1981 (H.Rept. 97-251).

H.Con.Res. 115 (Jones et al.)

Includes directives to authorizing committees to make changes in legislation to accommodate specified Federal budget reductions for FY82. This resolution recommends a budget for CETA comparable to that proposed by the Reagan Administration. Reported by the Committee on the Budget Apr. 16, 1981 (H.Rept. 97-23). Passed House, amended, May 7, 1981. Passed Senate, amended, May 12, 1981.

CHRONOLOGY OF EVENTS

N/A

ADDITIONAL REFERENCE SOURCES

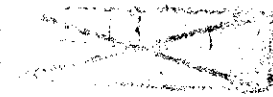
U.S. Library of Congress. Congressional Research Service. Comprehensive Employment and Training Act (CETA) by Ilona Rashkow. Feb. 27, 1981. Washington, 1981. 41 p.  
Multilith 81-56 EPW

U.S. Library of Congress. Congressional Research Service. Dealing with fraud and abuse under the Comprehensive Employment and Training Act (CETA) by Ilona Rashkow. Feb. 18, 1981. 8 p.



----- Youth employment programs under CETA by Ilona Rashkow.  
Washington, 1981. 22 p. (Issue brief 81092).  
Regularly updated.

POST OFFICE



1989