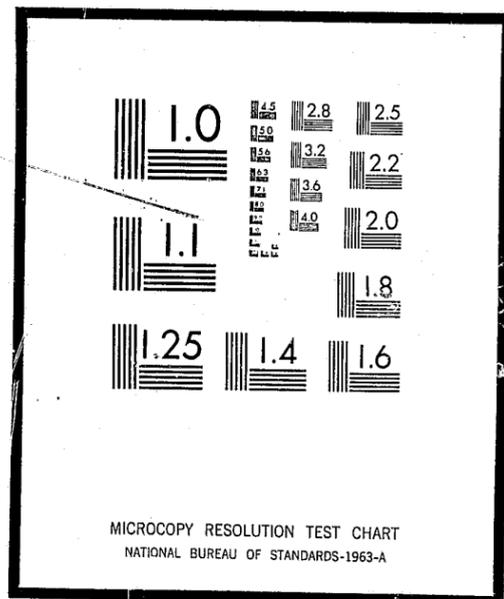


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AN EVALUATION SYSTEM TO SUPPORT PLANNING, ALLOCATION AND CONTROL IN A DECENTRALIZED, COMPREHENSIVE MANPOWER PROGRAM

John W. Scanlon
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Contract No. 43-0-007-09

By
John W. Scanlon
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March 1971

Prepared for

Office of Policy, Evaluation and Research
Manpower Administration
U. S. Department of Labor

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Abstract

This report presents the results of a study to design the appropriate evaluation system needed at the Department of Labor for decentralized operation of a comprehensive manpower program. It covers not only the priority evaluations needed and the methods of performing them, but also changes required in planning, reporting, and administration in order to make the evaluation system effective. An examination of the different measures that might be used, a digest of the proposed legislation considered, and a recommended assignment of responsibility for the system within the Department are included.

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I. PROLOGUE

A. Study Objectives

The work described in this report has spanned a period of time marked by considerable legislative activity in the manpower field, even though new legislation has not been enacted into law. This legislative activity has been complemented by preparatory work within the Department of Labor for operating decentralized and, possibly, decategorized comprehensive manpower programs. As part of this effort, the Urban Institute was asked to assist the Department of Labor by developing criteria and systems for use in assessing manpower plans, and performance under those plans by State and local comprehensive manpower groups to be established in accordance with the Administration-supported Manpower Training Act or alternative legislative or administrative action.

The objectives of our study were described in the statement of work as follows:

The primary objective of the Urban Institute study is to develop an evaluation system which will enable the Department of Labor and the Manpower Administration to determine how efficiently and effectively prime sponsors are carrying out the objectives of the national program. This evaluation system will provide the Department of Labor with a capability for (1) assessing the adequacy and feasibility of prime sponsor manpower plans; (2) measuring exemplary and satisfactory performance; (3) determining State and local technical assistance needs; (4) moving State and local programs toward national goals and policies; and (5) identifying and disseminating the most effective program concepts. The system should also be designed to be useful to State and local officials who will be called upon to generate much of the required data.

As part of its design, the Urban Institute will develop appropriate criteria for measuring the effectiveness of prime sponsor plans and programs relative to possible national policy goals, in addition to State and local policy goals. The Institute will also identify the labor market information required for the assessment of plans and projects and indicate how this information should be obtained.

B. Scope and Approach

This study, undertaken over an eight month period, has been an attempt to apply the precepts developed by other broader studies 1/ specifically to the evaluation of DOL operations in a decentralized comprehensive manpower program and to draw the implications of such evaluation for planning, allocation, and control.

The approach taken by the Institute in carrying out the tasks specified in the work statement has had three major thrusts: (1) a functional analysis of the operational responsibilities a planning and evaluation system will have to support; (2) a review of the appropriate present DOL reporting and management systems; and (3) a review of the current state of knowledge on the interaction of labor market conditions, applicant groups, and manpower programs.

Information for the study was obtained from reports, documents, and interviews taken at the national, regional, state, and local levels. Selected DOL evaluation studies and policy papers, program reporting system designs, program guidelines, and technical assistance materials were collected and reviewed. Extensive interviewing was carried out within the Office of the Assistant Secretary for Administration, the Office of the Assistant Secretary for Policy, Evaluation, and Research and, within the Manpower Administration, the Office of the Deputy Manpower Administrator, the Office of Manpower Management Data Systems, the United States Training and Employment Service, and the Office of Policy, Evaluation, and Research. Site visits were made to five regional offices, 2/ five State Employment Agencies, 3/ and selected programs in six local areas. 4/

The report aims at describing the evaluation and planning system necessary to support program operation under the various legislative

1/ For example: Michael Borus and William Tash, Measuring the Impact of Manpower Programs (Policy Papers in Human Resources and Industrial Relations 17), Institute of Labor and Industrial Relations, University of Michigan-Wayne State University, 1970; "Evaluation Under MTA," (Internal DOL Paper); Federal Evaluation Policy, Joseph S. Wholey, et al., Urban Institute, June 1970.

2/ Boston, Atlanta, Philadelphia, Chicago, Denver.

3/ Connecticut, Georgia, Pennsylvania, Illinois, Utah.

4/ New Haven, Atlanta, Pittsburgh, Chicago, Salt Lake City, Philadelphia.

proposals and in drawing the implications of such a system for planning, reporting, allocation and control. Clearly, a detailed design of the system at the handbooks and procedures level in all of these areas is beyond the scope of so limited an effort. Nevertheless, the major components necessary have been analyzed and developed in sufficient detail to make operational recommendations to DOL and to serve as the starting point for internal DOL task force design efforts. Many of the enabling decisions for a detailed design will have to be made at the level of the Manpower Administrator and his staff and are beyond the province of a contractor.

C. Legislative Background

The major pieces of proposed legislation considered in this study are the Administration's Manpower Training Act of 1969 (S-2838), the Comprehensive Manpower Act (HR-19519) and the Employment and Manpower Act (S-3867).^{1/} Together they cover the most important aspects of proposals for decentralization that were put forward or under consideration during the period of the study.^{2/} In this report, we deal with a planning and evaluation system for a decentralized and decategorized comprehensive manpower program which should be feasible under most features of these proposed legislative acts.^{3/}

We have considered the possibility that no basically new legislation in the manpower field will be passed in the near future and assessed the effect of this contingency on our work. For these purposes, we have assumed the continuation of recent trends toward decentralizing the operation of the manpower system through administrative actions. We assume also that the development of more comprehensive service components within programs (such as in CEP) will continue. Insofar as these assumptions reflect likely DOL policy choices, the value of our report and recommendations does not depend upon new legislation.

The objectives of our work, therefore, remain essentially unchanged from the original work statement. We are primarily interested in developing a multiple-use planning and evaluation system, which can take measurements on a manpower system having decentralized planning and operation and which can provide information for local planners and DOL to use in deciding how to allocate national public manpower resources in an effective way.

^{1/} On December 16, 1970, the Employment and Manpower Act was passed by Congress and vetoed promptly by President Nixon.

^{2/} The Manpower Revenue Sharing Act of 1971 was proposed after the completion of the research and was not examined during the study. However, Chapter II has been modified to indicate the implication of this act in its present form on the uses of evaluation.

^{3/} Appendix 1 describes the issues associated with decentralization and decategorization and discusses the implications of the major legislative proposals.

D. Effects of Proposed Changes on the Manpower System Decision Structure

The move toward decentralized, comprehensive manpower planning and implementation necessitates some important changes in the decision-making structure for manpower services.

The major participants in the present manpower system decision structure are Congress, the President, the Secretary of Labor, the Manpower Administration (both national and regional), the Employment Service, and local contractors for the delivery of manpower services. All of the proposed legislation, while calling for more decentralized planning and operation of manpower programs, retains the idea of national manpower policy, national goals, and a continuing Federal responsibility for funding the major part of public manpower programs. DOL will continue to be held responsible for reporting to Congress on the level of performance of the public manpower system after decentralization occurs. Furthermore DOL will also retain the responsibility for ensuring that funds allocated to prime sponsors are effectively used and that performance of the whole manpower system is improved over time. In short, decentralized planning and operation of the national system does not relieve DOL of responsibility for maintaining some degree of control over the uses of Federal funds and the development of sufficient information and management structures to exercise this control effectively. Decentralization does not change the relationship between the national legislature and executive in major ways.

Decentralized planning and operation and decategorized programming do change the relationship, however, between DOL and the contractors for delivery of manpower services. The major changes under most of the proposed legislation would be (1) the establishment of an area prime sponsor with responsibility for allocating resources to meet local needs and conditions and (2) the need for DOL to disseminate policy in terms of operational objectives, to assess prime sponsor plans and to evaluate performance under those plans. The prime sponsor would produce an annual plan for the delivery of comprehensive manpower services in his area. Once the plan is approved and funded by DOL, the prime sponsor is to let contracts for the delivery of service.

Decentralization creates a new responsibility for DOL to assess the adequacy of the prime sponsors' comprehensive plans (both assessing the prime sponsors' chances of accomplishing what they propose and establishing agreement about what should be accomplished) and, subsequently, to check to see how well the plan was carried out. If such planning, plan assessment, and evaluation of performance is to be more than an onerous, but empty, effort on all sides, DOL will have to ensure, as a minimum, some consistent guidance to all prime sponsors and consistent information flows throughout the national system.

Consistent planning guidance and information flows by themselves, however, will not ensure desirable levels of performance, upgrading of programs run by local sponsors, or improvements in the quality of the plans. For these purposes, attention has to be paid to the kinds of information collected and how the knowledge gained through this information can be used in the decision process. The main body of our report is designed to respond to these aspects of the new requirements. The following section puts the proposed evaluation system in the context of current knowledge gaps associated with manpower programming and describes the type of information the system will provide.

E. Critical Knowledge Gaps and Their Implications

One of the important, if sometimes implicit, arguments for decentralization is that the local prime sponsor knows best what manpower services work most effectively with client groups in his area. Insofar as this is true, decentralization coupled with considerable local flexibility (minimal Federal control) in choice of groups to be served, services to be delivered, and subcontractors to use is very appealing. The problem is, however, that no one knows the extent to which the argument is valid. Similarly, no one knows the extent to which it may be true that nationally directed choices for local areas would be best. It is not now possible, therefore, to select with any assurance the most appropriate mix of central control and local flexibility.

The major point here is that the selection of weights assigned to various goals, the number of clients in different target groups served, and the service strategies actually employed will each affect the local and overall efficiency of the national manpower system to a presently unknown degree. The uncertainty arises from many factors, among the most important of which are:

- (1) Lack of precise, quantitative information about the effects of alternative service sequences on various applicant groups under different local (and national) labor market conditions;
- (2) Lack of sufficient, quantitative estimates of the effects of changes in applicant characteristics on their subsequent performance in the labor market;
- (3) Lack of quantitative estimates of indirect effects, such as displacement and wage effects, on other participants in the labor market resulting from the operation of manpower programs;
- (4) Lack of precise information about the relative weights which will be attached to various outputs and services to particular target groups, by local sponsors and by DOL; and
- (5) Lack of experience at the prime sponsor level in developing and implementing comprehensive plans and at DOL in assessing such plans for feasibility and projected outcomes.

Several important conclusions follow: First, decentralization as a device to increase the benefits (to client groups and the economy, generally) of manpower programs should be viewed as an experiment rather than as an assured success. Second, DOL should establish management systems and research efforts at the beginning of the experiment which can fill the knowledge gaps indicated above. Third, DOL should emphasize in its initial guidance to local sponsors that the level and kinds of outputs produced under their plans will be considered in the following year's planning and funding cycle and that as the evaluation system and supporting research develop reliable output estimates, assessment of performance will play an increasingly important role in the allocation of resources.

The planning and evaluation system described in this report will begin to fill in some of the major knowledge gaps identified above. Specifically, the design meets the needs identified in (1), (2), (4) and (5). The evaluation system will, over time, provide information about the effects of alternative service sequences and the effects of changes in applicant characteristics on subsequent labor market performance. The national planning guidance and the local plans provide the information necessary to review and integrate the goals and priorities of DOL and prime sponsors. The planning and evaluation design provides the framework for accumulating, organizing, and using information in developing, implementing and assessing local plans.

The proposed evaluation system does not provide quantitative estimates of effects on other participants or groups in the labor market--i.e., those effects identified in (3). This more comprehensive evaluation, relating manpower programs to impact on target groups or the economy, must await further development of adequate models and theories of labor market operations. The evaluation system proposed in this study will provide some of the data and relationships on which to build the necessary research.

F. Plan of the Report

A six-step process characterizes the decentralized administrative system: (1) setting of national objectives; (2) issuance of planning guidance by the Manpower Administration; (3) preparation and submission of a proposed plan by the prime sponsor; (4) assessment and approval of the prime sponsor's plan by the department; (5) reporting the actual performance in relation to the approved plan; and (6) evaluation of performance. In carrying out the research for the design, it was necessary to consider each of these planning and control aspects of a decentralized/decategorized operation. There is little merit in producing a theoretically sound evaluation design if the raw data to support it and the administrative system for using the results are not available in a compatible form. The organization of the report reflects the administrative and technical issues associated with the sequential process described.

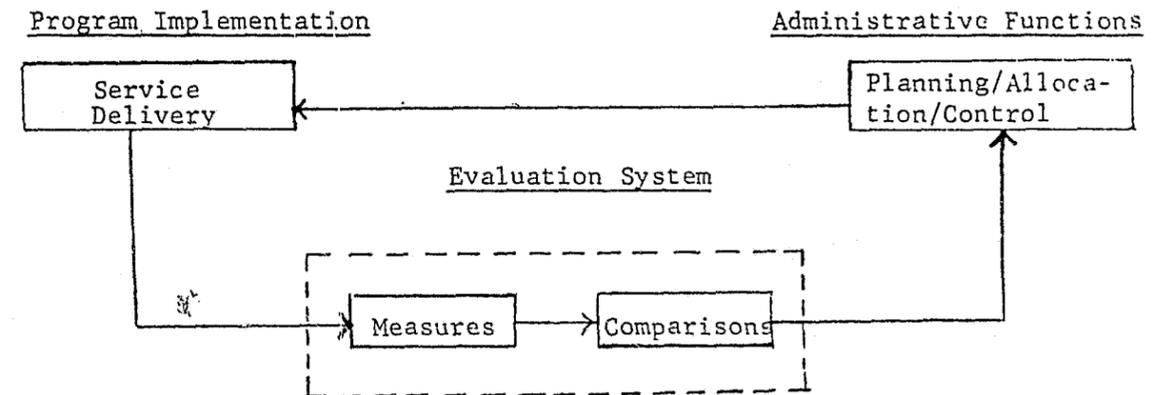
Chapter II presents an overview of the content and findings of the research. Chapter III examines the changes in the administrative system as more decentralization and decategorization are introduced and identifies the information requirements for planning, allocation and control. Chapter IV translates national goals into operational measures and recommends a set of effectiveness measures for use in planning and evaluation. Chapters V and VI cover the planning process and reporting on plan implementation in enough detail to describe the nature and content of these in a compatible planning and control system. Chapter VII presents the evaluations and their methods, and Chapter VIII discusses the assignment of responsibilities for the recommended system in terms of present charters of responsibility.

The appendices contain a digest of the legislation proposed during the study (Appendix 1) and a sample rating system design for comparing one prime sponsor with another (Appendix 2). A theoretical treatment of the type of calculations that might be performed during planning if the information were already available (Appendix 3) is included. Appendix 3 is an example of allocation within a prime sponsor's area based upon size and need of his target populations and the effectiveness of available services.

II. OVERVIEW

A. Introduction

Evaluation is defined in this study by three functions: (1) measurements taken during program implementation, (2) the comparisons made with those measurements and (3) the uses made of the evaluation information. The evaluation system is considered to be an integral part of a cyclical management process which is represented as follows:



The types of measurements that are appropriate to make and the types of comparisons that will provide useful evaluation information will depend upon the administrative functions requiring support from the evaluation system. This report has identified the evaluation needs of a decentralized program and recommends the planning and reporting system, evaluation methodology and priorities, and the organizational arrangements to provide that information.

It is concluded that decentralization places new requirements on the policy and program information provided by national planning guidances, area plans and evaluation systems; that the necessary evaluation information can be obtained from two basic designs using data reported from the field; and that the appropriate planning and evaluation systems can be implemented using existing DOL capabilities and functions if the present fragmentation and lack of coordination within the national office can be overcome. The following sections describe these major findings and recommendations.

B. Information Requirements

Based on proposed legislation, Congressional hearings and DOL interviews, the major characteristics of a decentralized, decategorized manpower system are taken to be the following:

- An area prime sponsor, usually a unit of local or State government, is responsible for planning and administering, or providing for the administration of, a comprehensive program.
- National objectives and priorities will be set by Congress and DOL to guide planning and evaluation.
- Both the prime sponsor and DOL have specific reporting and evaluation responsibilities.
- Prime sponsor funding may be contingent upon the annual submission and approval of a plan of service.
- Prime sponsor performance in planning and in carrying out an effective program may be criteria used by DOL in the allocation of resources, i.e., in determining prime sponsor funding levels.

This area based system operates through an annual management cycle which is likely to include as steps: (1) Manpower Administration issuance of planning guidance on national objectives and funding levels to prime sponsors, (2) preparation of a plan by each prime sponsor, (3) assessment and approval of the prime sponsor's plan by DOL, and (4) evaluation of programs by prime sponsors and DOL. Contrasting this with current program management and information systems leads to the conclusion that decentralization and decategorization require changes in how DOL sets and reports on national objectives, changes in the information DOL requires in an area plan, and changes in the information provided by DOL's evaluation system.

1. National Objectives

Whether centralized or decentralized, the Federal manpower programs operate under national objectives stated in the legislation. Objectives and priorities are now set and disseminated by earmarking (administratively or legislatively) funds for categorical programs. Target group

definitions and measures of effectiveness vary among categorical programs, and success is most often measured by DOL only in terms of services rendered (e.g., program slots filled and number of completions).

With decategorization, the service definitions will no longer be appropriate for measuring performance; and with decentralization, the dissemination of policy in terms of measurable objectives will be necessary. DOL must translate national policy into operational objectives defined by (a) specific target populations to receive services and (b) a standard set of effectiveness measures for the comprehensive program. The operational objectives should be disseminated in the planning guidance to prime sponsors and used in assessing plan and performance. The necessary measures and reporting systems are both available as discussed below.

2. Prime Sponsor's Plan

For the existing categorical programs, the annual local plans vary in detail and sophistication but can each be described as a budget justification for funds to run a nationally designed program package. The plan presents "service to be rendered" in terms of project operating levels. This approach is appropriate since the local role is limited to implementing a nationally planned program package with little authority to set priorities among target groups or choose alternative program services.

Under decentralization, the prime sponsor will have responsibility for both planning for the allocation of resources to meet local needs and conditions, and managing the implementation of the local plan over the program year. Once DOL has issued planning guidance, the prime sponsor develops a plan within that framework. He allocates resources among objectives in light of local priorities, selects services best suited to meet local problems, and schedules the delivery of those services given local capabilities. Consequently, the recommended prime sponsor plan is designed to present his:

- (a) Objectives and Priorities--A statement of the prime sponsor's allocation described by resources to be spent on each target group and expected effectiveness. The allocation is arrived at by taking into account at least three criteria: the size of each target group; the social/economic need of each target group; and the estimated cost-effectiveness of the best services for helping each type of applicant.
- (b) Plan of Service--A description of the various service sequences selected, a description of the applicants to be processed through each service sequence, and a description of the jobs to be filled by each service sequence.

- (c) Schedule of Implementation--An expansion of the plan of service into time-phased (monthly) projections of applicant flow for each service sequence and the aggregated process flow schedule for the entire prime sponsor program.

This material is the focal point of the prime sponsor plan. It provides information essential to manage the local program and to assess the plan itself. The prime sponsor's plan can be assessed on criteria which parallel the three major components described above. Judgments can be made on a prime sponsor's objectives, services selected, and ability to carry out the plan:

- (a) Integration of National and Local Goals--Assessment of how well national objectives specified in the planning guidance have been met, taking into consideration local need.
- (b) Effectiveness and Efficiency--Assessment of the degree to which the plan of service reflects the amount that can be accomplished with the resources available and the services employed.
- (c) Feasibility of the Planned Program--Assessment of the sponsor's capability to implement the plan successfully.

Planning and plan assessment are two of several administrative functions requiring evaluation information.

3. Evaluation Information

Evaluation is currently carried out along categorical program lines with studies designed and disseminated to support the national offices in modifying program guidelines and in preparation of federal program budgets. With decentralization, the prime sponsors who recommend allocations and the regional offices who assess, negotiate, and approve plans are the new users of evaluation results. New evaluation requirements therefore must be considered at those levels.

A prerequisite for a useful and reliable evaluation system is that it be designed specifically for those uses to be made of the information in national and regional and local administration of the program. Therefore, a major part of the design effort has been an analysis of the administrative functions the evaluation system will have to support. Table 1 lists the most important administrative functions identified in the study and indicates those which can be interpreted as being mandated under the major legislative proposals for decentralization.

TABLE 1.--LEGISLATIVELY MANDATED ADMINISTRATIVE FUNCTIONS REQUIRING EVALUATION SUPPORT IN A DECENTRALIZED, COMPREHENSIVE PROGRAM

Administrative Functions	Proposed Legislation*			
	MTA	CMA	EMA	MRSA
NATIONAL LEVEL				
A. Setting national objectives and reporting to Congress	Yes	Yes	Yes	Yes
B. Regional allocations on prime sponsor performance	Yes	Yes	No	No
C. Reprogramming	Yes	Yes	Yes	-
D. Program development of services and service delivery models	Yes	Yes	Yes	Yes
REGIONAL LEVEL				
A. Assessment of prime sponsor plans on feasibility	Yes	Yes	Yes	No
B. Assessment of plans on projected effectiveness & efficiency of service	Yes	Yes	Yes	No
C. Allocation among prime sponsors based on performance	Yes	Yes	No	No
D. Deobligation and reprogramming	Yes	Yes	Yes	-
E. Technical assistance to prime sponsors	Yes	Yes	Yes	Yes
F. Compliance of prime sponsors to national objectives and priorities	Yes	Yes	Yes	-
PRIME SPONSOR LEVEL				
A. Planning analysis	Yes	Yes	Yes	Yes
B. Allocation among projects	Yes	Yes	Yes	Yes
C. Deobligation of subcontractors and reprogramming	Yes	Yes	Yes	Yes
D. Technical assistance to subcontractors	Yes	Yes	Yes	Yes

* MTA - Manpower Training Act of 1969
 CMA - Comprehensive Manpower Act, HR 19519
 EMA - Employment and Manpower Act, S 3867
 MRSA- Manpower Revenue Sharing Act of 1971

TABLE 2.--ADMINISTRATIVE FUNCTIONS IN A DECENTRALIZED
MANPOWER PROGRAM AND THE NEEDED EVALUATION INFORMATION

The major users considered in the study are local agencies, State agencies, the regional offices and the national office. State and local government are not broken out here explicitly as an administrative unit. If the State emerges only as a prime sponsor for particular local areas, it will require the same evaluation information specified for prime sponsors. If the State emerges with an administrative role over area prime sponsors, as proposed in the Manpower Training Act, the State will require an evaluation capability similar to that now recommended for the regional office. While this affects the assignment of responsibility in the evaluation system, it does not affect the basic evaluation design.

The administrative structure which emerges in the end depends in large part on the legislation under which decentralization occurs. As indicated on Table 1, the responsibilities of the prime sponsor remain the same under most types of decentralization. The proposals differ in the amount of control DOL is required to exercise over prime sponsors and the direction of the national program. Under the MTA, CMA, and EMA, assessment of a prime sponsor's plan would be important means by which the Department of Labor, through its regional offices, exercises control over the comprehensive manpower program. This control function is strengthened in MTA and CMA by explicitly specifying performance evaluation as one criterion in the formal allocation process. In contrast, the recently proposed Manpower Revenue Sharing Act drastically reduces DOL's role in allocation and control while maintaining its role in providing support and assistance to State and local programs, in evaluation and program development, and in reporting to Congress.^{1/}

Table 2 describes the evaluation information supporting each of the administrative functions. While evaluation is seen as having multiple uses in planning, allocation, and control at each level, it will be shown that all the necessary information can be provided by two basic evaluation designs using the same data sources--namely, modifications of existing DOL program, cost, and labor market reporting systems.

^{1/} The Manpower Revenue Sharing Act was proposed after research for this study had been completed. While much of the same evaluation information may be needed under an MRSA, the leverage and control necessary for DOL to obtain performance data from the prime sponsor may be missing.

Administrative Functions	Supporting Evaluation Information
<u>NATIONAL LEVEL</u>	
A. Setting objectives and reporting to Congress.	A ₁ . Types of applicants served compared to distributional goals. A ₂ . Funds spent compared to funds allocated. A ₃ . Success achieved in comparison with people not provided services.
B. Regional allocation on prime sponsor performance	B. Performance rating of prime sponsors by regions.
C. Reprogramming	C. Funds spent compared to funds allocated.
D. Program development of services and service delivery models	D ₁ . Relative expected success of particular service sequences. D ₂ . Success achieved in comparison to people not provided services. D ₃ . Relative contribution of particular components to the success of service sequence. D ₄ . Comparison of actual performance with planned performance at each step in the delivery of service.
<u>REGIONAL LEVEL</u>	
A. Assessment of feasibility of plans	A. Comparison of actual performance with last year's planned performance at each step of the delivery of services.
B. Assessment of projected effectiveness and efficiency of plans	B. Relative expected success of particular service sequences.
C. Allocation among prime sponsors based on performance	C. Performance rating of prime sponsors.
D. Deobligation and reprogramming	D. Comparison of funds spent to funds allocated as plans are being implemented.
E. Technical assistance to prime sponsors	E. Comparison of actual performance with planned performance as the plans are being implemented.
F. Compliance of prime sponsors to national objectives and priorities	F. Types of applicants served and results achieved compared to distributional goals.
<u>PRIME SPONSOR LEVEL</u>	
A. Planning analysis	A ₁ . Relative expected success of particular service sequences under given local labor market conditions. A ₂ . Success ratios between actual performance and planned performance at each step in the previous implementation phase.
B. Allocation among projects	B. Relative expected success of particular projects and subcontractors.
C. Deobligation of subcontractors and reprogramming	C. Comparison of funds spent as plans are being implemented to funds allocated.
D. Technical assistance to subcontractors	D. Comparison of actual performance with planned performance as plans are being implemented.

C. Evaluation Priorities

Regardless of the type of decentralization that occurs, certain information is of fundamental importance in administration of a manpower system--specifically information on (1) how resources are being spent in comparison to national and local priorities, (2) how effective manpower programs are in meeting objectives, and (3) what services work best under given conditions. Current manpower planning and development is restricted by a lack of sound information on these matters.

Given a comprehensive program--planned and operated specifically to meet area needs and conditions--the question for evaluation design is what measurements and what comparisons are feasible to make in order to provide the information needed to plan and operate a decentralized program.

1. Measures and Comparisons - Feasibility

Since the units on which operational measures can be taken are generally the applicant and the job order, an important part of an evaluation system for a comprehensive program deals with the definition of success in local service delivery. A comprehensive program is characterized in this study as a sequence of services acting upon an applicant as he moves through the local system from initial contact to final contact. Any well defined unit or service in this sequence is called a component. This characterization has the advantage of being similar to existing DOL service delivery models and can be described by current program reporting systems. It is valid for Employment Service activities and manpower training programs.

There are four types of measures that can be involved in defining performance: process flow, changes in applicant's job-related characteristics, changes in applicant's labor market experience, and changes in aggregate labor market/economic indicators.

- Process flow measures simply tell that the program is operating and that trainees are passing through specific components at a certain rate.
- Measuring the actual change in applicant skills and characteristics allows a test of the basic assumption that the program components are imparting the skills or attitudes thought necessary for stable employment.
- Measuring the impact on the wage, income, and job stability of the applicant allows an assessment of the assumption that the services rendered actually have some effect on applicant success in the labor market.

- The impact on the applicant's labor market experience could be related to changes in the aggregate labor market/economic indicators if the appropriate labor market theory were available.

An evaluation program seeks to determine the relationships among these performance measures and other explanatory variables, such as applicant demographic characteristics and labor market conditions. The degree to which this can be done is constrained by the availability of methodology--namely, adequate measures and comparisons.

It is methodologically feasible, with the proper design, for an evaluation to determine the relative effects of the program on the applicant's labor market experience. Success in the labor market itself can be related to process flow measures and changes in applicant characteristics, thereby testing the assumptions on which the intervention was based. However, planning and evaluation of manpower programs in terms of impact on the national and local economic indicators is not feasible at this time. Because of the missing labor market theory, it is not now possible to isolate effects of manpower programs on aggregate measures of national goals. At this point in time, evaluation should be concentrated on discovering the impact of manpower programs on applicants.

For the national comprehensive program, the recommended set of effectiveness measures for use in planning guidance, plans, and evaluation are the measures of the applicants' success in the labor market: change in wage rate, change in earned income, change in transfer payments, and change in job stability.

2. The Two Priority Evaluation Designs

All the required evaluation information described in Table 2 can be developed from two basic evaluation designs--the comparison of plans with actual performance, and a statistical analysis of the relative effectiveness of service sequences as a function of labor markets and types of applicants.

The comparison of actual performance with the prime sponsor plan is referred to as Plan vs. Performance Evaluation. Methodologically, it is the simplest type of comparison that can be made. It monitors the progress in implementing the local program planned. This "plan vs. performance" data is not sufficient for distinguishing bad planning, bad management, or bad underlying program assumptions. However, it is an essential tool for on-going management of the program and subsequent planning.

Plan vs. performance evaluation will support the prime sponsor in developing a comprehensive plan, in managing subcontractors, in assessing components, and in implementing his plan. To do so, the information system

must be well enough defined to trace applicants as they are processed through the prime sponsor's service delivery system and to identify applicants' post-program experience with particular components and contractors in the service delivery system. Comparisons are made on input, process, and effectiveness measures. The critical design requirement is the capability to relate the applicant to the specific services provided and to his subsequent labor market experience. Data must be available on a weekly or monthly basis. Any number of summaries can be made from the prime sponsor level data to support administration of the program by regional and national offices on an area, State, regional, or national basis.

The second basic evaluation design is called Relative Effectiveness Evaluation. It seeks to estimate relationships between measures of effectiveness as one set of variables and types of labor markets, types of services (including cost) and types of applicants as the other set.

The variance in effectiveness measures will be dependent upon one or more of the following factors: (1) type of applicant, (2) type of service sequence used, (3) type of labor market and (4) the residual source of variance attributable to differences among prime sponsors. A first type of analysis should attempt to determine how much of the variance in each of the effectiveness measures can be attributable to each of these four variables. Once the significant sources of variance have been identified, the question of how much any one factor contributes to effectiveness under different conditions can be answered through correlation and regression analysis.

Relative effectiveness evaluation will support the prime sponsor in planning, the regional office in assessment of those plans, and the national office in development of programs and "standards of performance." Relative effectiveness evaluation can be done more effectively at the national level because of the need to have a large population of service sequences and labor market conditions from which to choose if statistically valid results are to be obtained. The national office should have responsibility for the effort and disseminate the results in planning guidances to regional offices and prime sponsors.

All the other types of evaluations (distinguished by the comparisons made) needed to supply the information identified in Table 2 can be developed from the prime sponsor's plan vs. performance evaluation and the national relative effectiveness evaluation design. In the latter case, impact evaluation, component evaluation, and prime sponsor rating are of particular importance.

The methodologies for impact evaluation and rating systems are essentially the same as discussed above for relative effectiveness. With impact studies the major change is the introduction of a comparison group

into the analysis, which allows one to make some estimates about absolute effectiveness and the influence of exogenous variables. For the rating system, the new requirement is the need for an overall score for each prime sponsor. It requires summarizing, for each prime sponsor, performance across all service sequences and short-term effectiveness measures, and comparing prime sponsors operating in similar labor market environments and serving similar applicant groups. The formidable job in doing this, of course, is the determination of the weight to be given each of the functions that a prime sponsor performs so that the composite comparisons are equitable.

Another type of evaluation best conducted at the national level concerns the degree to which different components in the service sequence of the delivery system affect the success of the program. These evaluations will determine, for example, to what degree increased proficiency in certain skills or increased educational attainment correlate with the effectiveness of a particular service sequence when training in that skill is a major component of the sequence.

3. Information Provided by Different Types of Evaluation

The evaluation information needed to support decentralized administration is described above and summarized in Table 2. Given the evaluation definitions presented here, Table 3 identifies the type of evaluation needed to support each administrative level.

The methodological design of the evaluation system is developed in Chapter VIII of the report. Tables 1 and 2 of that chapter summarize the major types of program evaluation and plan assessment, giving the feasibility and relative priority of each type and estimated time scale of implementation.

TABLE 3.--ADMINISTRATIVE FUNCTIONS IN A DECENTRALIZED
MANPOWER PROGRAM AND THE NEEDED EVALUATION INFORMATION

Administrative Functions	Type of Evaluation Providing Support
<u>NATIONAL LEVEL</u>	
A. Setting objectives and reporting to Congress	A ₁ . Plan vs. Performance: quarterly State and regional summaries. A ₂ . Plan vs. Performance: quarterly State and regional summaries. A ₃ . Impact Evaluation.
B. Regional allocation on prime sponsor performance	B. Prime Sponsor Rating.
C. Reprogramming	C. Plan vs. Performance: quarterly State and regional summaries.
D. Program development of services and service delivery models	D ₁ . Relative Effectiveness Evaluation. D ₂ . Impact Evaluation. D ₃ . Component Evaluation. D ₄ . Plan vs. Performance: final ratios for each prime sponsor.
<u>REGIONAL LEVEL</u>	
A. Assessment of feasibility of plans	A. Plan vs. Performance: final ratios for each prime sponsor.
B. Assessment of effectiveness and efficiency of plans	B. Relative Effectiveness Evaluation.
C. Allocation among prime sponsors based on performance	C. Prime Sponsor Rating.
D. Deobligation and reprogramming	D. Plan vs. Performance: monthly summaries on each prime sponsor.
E. Technical assistance to prime sponsors	E. Plan vs. Performance: monthly summaries on each prime sponsor.
F. Compliance of prime sponsors to national objectives and priorities	F. Plan vs. Performance: monthly summaries on each prime sponsor.
<u>PRIME SPONSOR LEVEL</u>	
A. Planning analysis	A ₁ . Relative Effectiveness Evaluation. A ₂ . Plan vs. Performance: final ratios.
B. Allocation among projects	B. Plan vs. Performance: final ratios.
C. Deobligation of subcontractors and reprogramming	C. Plan vs. Performance.
D. Technical assistance to subcontractors	D. Plan vs. Performance.

D. Implementation

The evaluation program now in existence does not meet the information needs of a decentralized, comprehensive area program. Under the categorical program structure, the evaluation system has been fragmented and without a clear relationship to operational functions and management units.

This study concludes that decategorization of programs and decentralization to area prime sponsors require different types of evaluation information than is currently available, and that the necessary evaluation can be provided through utilization and modification of existing systems and capabilities.

1. Utilization of Existing Capabilities

A continuous, systematic evaluation system based in large part upon reported program data is recommended. The highest priority evaluations--relative effectiveness and plan vs. performance--use the same reported information.

The flow of information from the local area into the evaluation system is illustrated in Figure 1. One basic program reporting system is seen as providing most of the data to support the priority evaluations. To be workable, the reporting system and the prime sponsor plan must have a common definitional base which characterizes actual applicant flow through the service delivery system. All the information systems shown on Figure 1 must have common definitions and compatible formats.

This integrated flow of information--from service delivery through to administrative uses--is referred to as a planning and control system. It includes the Manpower Administration planning guidance, the area plan, the reporting systems and evaluations. The planning and control system provides the structure through which data flows into the evaluation system and results flow out to support administrative functions.

Examples of information and data components shown in Figure 1 are available in some form under the current categorical program structure. They are not, however, utilized in evaluation as shown.

- The CEP program comes closest to having a definitional model of the service delivery process and a compatible reporting system. The "CEP Director Warning Light Report," an exception report on the service delivery process, is an example of the type of summary that can be made from the recommended plan vs. performance evaluation.

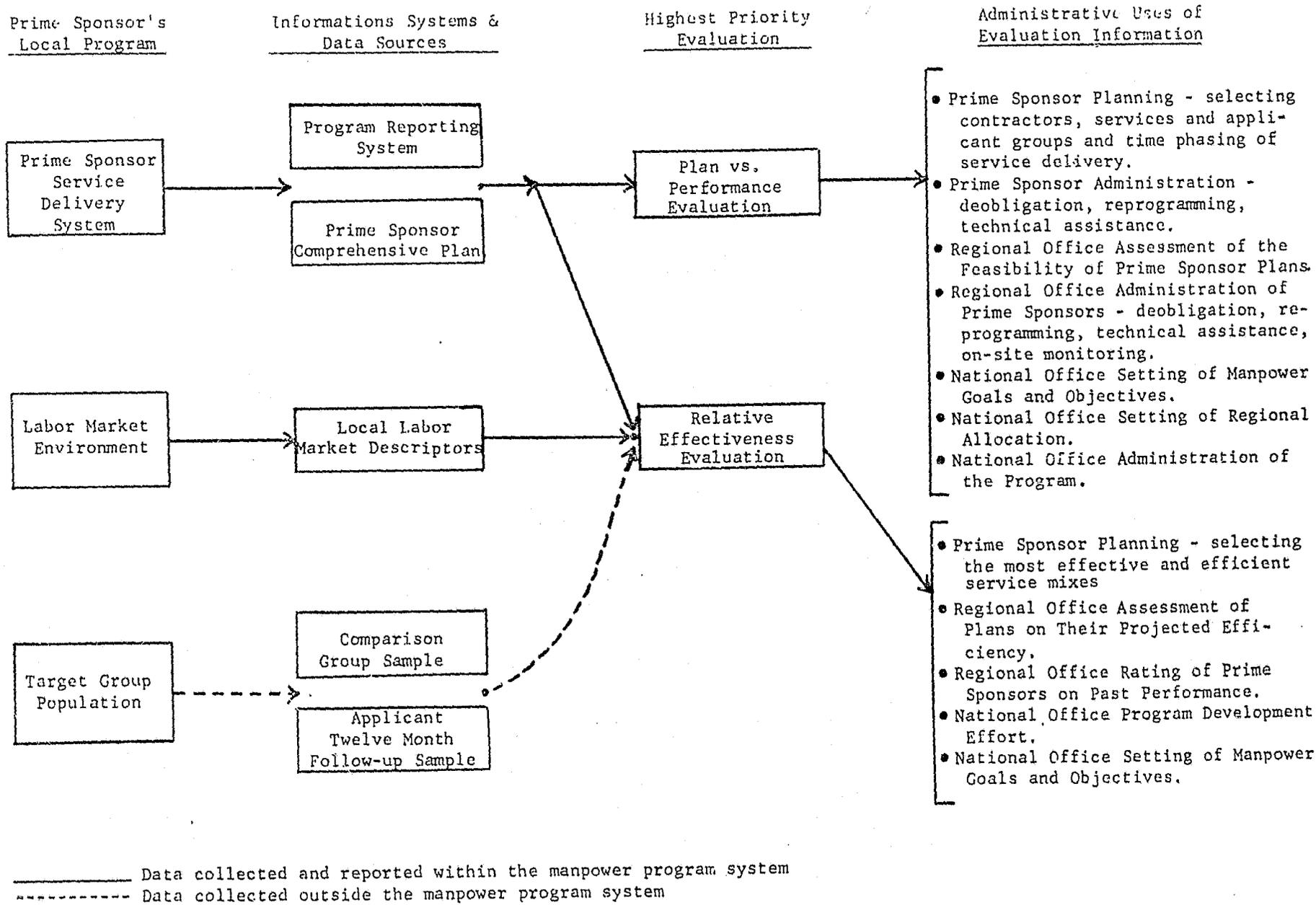


Figure 1. The Recommended Evaluation System, Its Information Sources and Its Administrative Uses

- The MA-100 series reporting system produces nearly all the types of data required for the recommended evaluations. At present, reporting is not complete and not considered reliable.
- The Annual Manpower Planning Report, prepared for each labor area, provides an economic data base for the development of manpower planning information. Labor market information has not generally been used in evaluation studies, however.
- The Interim Operational Planning and Control System (IOPCS) being developed and implemented by the DMA represents a significant step by DOL toward the type of planning and control system needed. At the present time, neither the CAMPS, Plan of Service, or the categorical program plans have the required definitional base to support the recommended plan vs. performance evaluation. Nor does the relative effectiveness evaluation information being developed for dissemination through the IOPCS.

DOL already has the data system capability to carry out both types of priority evaluations from program reported data and in several instances has demonstrated the feasibility of processing and using the data as recommended. Three points are made in the study:

- The recommended information will have to be collected at the prime sponsor level for his own use anyway, since it is essential for rational management of daily operations.
- The national evaluation program requires the further step of standardizing the prime sponsor management information system.
- The alternative--complete external collection of data for cost-effectiveness studies--would be difficult, expensive and, most likely, of little utility to the operating program.

Table 1 of Chapter VI summarizes the findings on the availability of data and the recommendations on changes in the reporting systems.

2. Organizational Responsibilities

The findings of this study illustrate the need for DOL to formally recognize the interrelationships among area planning, allocation, labor market information, program development, and evaluation in the operation of a manpower system. Because the recommendations call for the integration of various reporting, management, and planning systems, the management of the evaluation effort becomes more complex and more important

under decentralization. Design, execution, dissemination and use of the priority evaluations require the coordination of efforts among several organizational units. The following discussion of responsibilities in implementing the recommended evaluation system is phrased in terms of existing mission statements.

Overall responsibility for the content, direction and coordination of the Manpower Administration's evaluation effort should be with the Office of the Deputy Manpower Administrator (DMA). The Office of Policy, Evaluation and Research (OPER), the U.S. Training and Employment Service (USTES), the Office of Manpower Management Data Systems (OMMDS) and the Office of Financial and Management Systems (OFMS) should each be responsible for providing technical expertise and systems support to the recommended evaluation program.

In implementing the evaluation system, the DMA would direct the development of the planning and control system and, as an integral part of that system, the priority Plan vs. Performance Evaluations needed by prime sponsors and Regional Offices. As an aid in synthesizing the efforts of the several organizational units, the DMA should be responsible for preparation of an annual plan for the development of the planning and control system. The plan would specify the expected outputs from the individual offices which will be available for incorporation by the DMA staff.

OPER has responsibility for the Manpower Administration's program evaluation effort and would continue to be responsible for the design and completion of the priority Relative Effectiveness Evaluations. Component evaluations and impact evaluations should be carried out in conjunction with the relative effectiveness evaluations.

The evaluation plan currently published by OPER is a description of contract and staff studies to be done, largely along categorical program lines. With decentralization and decategorization, the role of non-comparable individual contract studies becomes less significant and many more organizational units within the manpower system become involved as contributors to and users of evaluation. OPER, in preparing its evaluation program, will need the capability to produce a different type of plan. The evaluation plan should (1) specify the contributions that various offices within the Manpower Administration will make in the upcoming year (such as USTES, OMMDS, OFMS) and (2) the output to be produced for various users (such as the DMA, AS/PER, USTES, and OPER itself).

In exercising its liaison and overview role for the Department's evaluation effort, the Assistant Secretary for Policy, Evaluation and Research should request and comment on the annual action plan for evaluation from the Manpower Administration. The plan should cover both priority evaluation programs: the plan vs. performance evaluation under the DMA and the relative effectiveness evaluation under OPER.

USTES, OMMDS, and OFMS have a major role in providing the staff and technical support needed to implement the recommended evaluation system. USTES will be responsible for: (a) development of an operationally meaningful set of definitions and models covering service sequences and delivery systems for the DMA's planning and control system and (b) development of a local labor market information or descriptor series specifically designed to support evaluation studies. OFMS and OMMDS will be responsible for large continuing files which will serve as a repository for reported data and as a source for processing runs on this data in support of both priority evaluations.

The regional offices and prime sponsors are primary users of the evaluation system. The recommended capabilities and responsibilities are similar for both. To support the regional offices' line management responsibilities and to support the prime sponsor in planning and administering the local program, both levels should be provided with:

- The capability to compare actual performance data with planned performance data (input, process flow, output) in order to detect serious problems as the plan is being implemented. In the report, this type of evaluation is called plan vs. performance evaluation.
- The data processing support to accumulate and compute success ratios (final performance against plans) on these performance data once the implementation is complete. (Also part of plan vs. performance evaluation.)
- A means for retrieving from the national evaluation system the probable success and the cost of employing a particular service for each type of applicant group each prime sponsor intends to serve in the particular local labor market conditions in which each prime sponsor will be operating. This information is provided by relative effectiveness evaluation and disseminated through the DMA's planning and control system.

Table 4 of Chapter VIII summarizes the relevant missions of the various organizational units involved and suggests the type of activities each would carry out in implementing the recommended evaluation system.

3. Implementation Problems

Three major problems must be addressed by DOL in implementing the recommended evaluation system. These are ones of internal national office management, design of compatible information systems, and maintaining the leverage to assure a flow of information from prime sponsors.

The first problem arises because of the need to integrate the efforts and outputs of many organizational units within the national office. If DOL is to capitalize on all of the resources and activities presently available within the Manpower Administration, the present fragmentation and lack of communication must be eliminated. This is a problem with the present system and would seriously hinder the implementation of the recommended one. In Chapter VIII we specify the tasks that must be accomplished in implementing the recommended systems and assign responsibility for them under current DOL mission statements. This in itself, however, does not solve the internal DOL management problem. There must be some single point of responsibility for the entire administrative and evaluation system described, if it is to function as an entity.

The second difficulty involves the task of consolidating, standardizing and upgrading existing program information and management systems to produce a planning and control system usable at the prime sponsor level. The problem can best be handled at this point in time through the design of a prototype "planning and control system" using existing DOL delivery systems to simulate the area comprehensive program. Chapters V, VI and VII of this report address many of the problems faced in designing compatible reporting systems, service delivery systems, and planning systems.

The final problem--establishing and assuring a continuous flow of reliable data from the service delivery system--is both a design and a policy matter. Discussions of both aspects are presented in Chapters VI and VII.

III. PLANNING, ALLOCATION AND EVALUATION IN A DECENTRALIZED SYSTEM - MAJOR INFORMATION FLOWS

A. Introduction

The purpose of this chapter is to identify the necessary information flows that must be established to plan, operate and evaluate a decentralized comprehensive manpower program. The move toward decentralization and decategorization will result in important changes in the decision-making structure for manpower services. Those critical administrative functions which use or support the evaluation system have been identified along with the required evaluative information.

This chapter illustrates the need for DOL to formally recognize the interrelationships among area planning, allocation, labor market information, program development and evaluation in the operation of a manpower system.

B. Conclusions

A major part of the evaluation design effort has been an analysis of the administrative functions the evaluation will have to support. Based on the proposed legislation, Congressional hearings, and DOL interviews, certain conclusions are reached for the study concerning the form an administrative structure would take under decategorization and decentralization. The essential characteristics of a decentralized, comprehensive manpower system are taken to be:

- An area prime sponsor, usually a unit of local government, is responsible for planning, administering or providing for the administration of a comprehensive program.
- National objectives and priorities will be set by Congress and DOL to guide planning and evaluation.
- Prime sponsor funding may be contingent upon the annual submission and approval of a plan of service.
- Prime sponsor performance in planning and in carrying out an effective program may be criteria used by DOL in the allocation of resources, i.e., in determining prime sponsor funding levels.
- Both the prime sponsor and DOL have specific evaluation responsibilities.

This decentralized-decategorized system will be marked by planning and allocation on an area basis, and by the intervention of the prime sponsor in the local planning process. The prime sponsor's plan will represent his recommended allocation of resources among target groups, services and contractors. Assessment of that plan and of the performance of the prime sponsor under past plans may be important means by which the Department of Labor, through its Regional Offices, exercises control over the comprehensive manpower program.

There are three primary management information flows to be considered in establishing an administrative system for a decentralized manpower program: (1) planning guidance issued by the Manpower Administration to the prime sponsor, (2) the comprehensive plan submitted to the regional office by the prime sponsor and (3) the evaluation information supporting planning, allocation and control at all levels.

1. Planning Guidance

The planning guidance sets the framework within which the prime sponsor develops his program plan. The guidance memorandum sets out the national objectives of manpower programs, the services available for attaining those objectives, and the initial budget allocations available to the prime sponsor.

The national objectives contained in the guidance memorandum are stated in terms of: (1) specific target populations, and (2) measures of program success. These policy guidelines provide the framework for developing manpower plans and assessing them. Establishing measurable objectives requires an understanding of the legislative goals these plans are designed to achieve and the mechanisms by which manpower programs act to achieve these goals. This translation of national goals into operational objectives for use in planning and evaluation is carried out in Chapter IV.

The program guidance should include, when available, the results of evaluation of the cost and effectiveness of alternative services in attaining the manpower objectives under varying local and national economic conditions. With decategorization the present program definitions will become less appropriate as descriptors of what services people are or have been provided. For a comprehensive program, therefore, a new framework and set of definitions will be required. The necessary definitional framework for defining and describing services is presented in Chapters V and VI.

The budget allocations in the guidance are based on criteria specified in the legislation, including the needs of the target populations being served by the prime sponsors, the proportion of the total target populations within the prime sponsor's jurisdiction, and the prior performance of the prime sponsor in attaining the goals in his own approved plan. It is assumed that initially the allocation by prime sponsors will be based on the apportionment formulas (or some variation) now in use. Over time, however, the Department will develop the capability for including effectiveness measures as criteria in allocating its resources. The use of evaluation in plan assessment and in allocating among prime sponsors based on past performance is described in Chapter VII.

2. Prime Sponsor Plan

The local plan must serve two major purposes. First, it describes the prime sponsor's recommended allocation of resources among target groups, strategies and contractors. Second, it presents a time phased schedule of implementation. The plan must have the same definitional base as the program reporting system and planning guidance. The form and content of prime sponsor plans are described in Chapter V.

3. Evaluation Information

Under decentralization, the prime sponsor and Regional Office take on new administrative responsibilities which require evaluation information. The evaluation system must be designed to support the following administrative functions:

At the Prime Sponsor Level

- (a) analysis for the development of a comprehensive plan
- (b) allocation of resources among services
- (c) administrative monitoring of contracts and projects

At the Regional Office Level

- (a) assessment of prime sponsors' plans
- (b) allocation of resources among prime sponsors
- (c) administrative monitoring of prime sponsors

At the National Office

- (a) program development
- (b) development of manpower goals and objectives
- (c) allocation of resources among regions
- (d) administrative monitoring of the program on a State and Regional basis

The specific evaluation information relating to each function is described in Table 1 (page 15) of this chapter. The evaluation methodology needed to provide that information is presented in Chapter VII.

C. Administrative Structure Under Decentralization and Decategorization

1. Critical Administrative Functions

The Federal/State/local manpower system can be viewed as a hierarchical organization with several levels of authority:

President, Congress
DOL

Secretary
Manpower Administrator
Regional Offices

State and local groups
Local projects

Present manpower policy is set by Congress, the President, and DOL and implemented by DOL through agreements with State and local agencies or sponsors to whom responsibilities for project operations are delegated.

Manpower programs currently operate under two types of administrative systems which are characterized as either Federal/State or Federal/local. Operational responsibility lies with State agencies in the Federal/State programs, while under the Federal/local system there is a direct contractual relationship between DOL and a local sponsor. DOL exercises management control over grants and contracts through 10 regional offices. Therefore, for the overall manpower system, we will consider four major administrative levels: DOL National Office, DOL Regional Office, State agencies, and local sponsors.

Within these levels the major administrative functions which are important to, or will be affected by, decentralization and decategorization can be identified. The following discussion on the impact of decentralization and decategorization is based on interviews within DOL and review of proposed legislation and legislative hearings. This work is summarized in Appendix 1. The administrative functions identified for analysis are:

Congress and the President

- (a) National Goals -- the setting of national goals through legislation or Executive action.

National DOL

- (b) DOL/MA Objectives -- the translation of national goals into manpower program objectives and priorities.

- (c) Program Development -- improvement of on-going programs through the design and development of techniques, services, service delivery systems and management systems.
- (d) Geographical Allocation -- the allocation of program resources among areas.
- (e) Administration of the Program -- monitoring the implementation of the program on a State and regional basis.

Regional Level

- (f) Plan Assessment -- the assessment of plans, including consideration of past performance.
- (g) Project Allocation -- the allocation of resources among sponsors and projects.
- (h) Administration of the Program -- monitoring the implementation of sponsors' plans.

State and Local

- (i) Local Plan -- the description of the local service delivery system's expected performance.
- (j) Local Planning Analysis -- the information and analysis required for detailed planning of service delivery.
- (k) Administration of Projects -- monitoring the implementation of the local project.

Figure 1 illustrates these functions in the current categorical program administrative structure. (The Employment Service, Concentrated Employment Program, Work Incentive Program, and MDTA program are shown.) Each program has its own appropriation, its own allocation scheme, its own guidelines, its own management channel, and its own local sponsor. The administrative functions are designated in the figure as receivers or disseminators of information and resources.

Figure 2 illustrates a model administrative structure under a decentralized/decategorized manpower program. In contrast with the existing system, there are four key changes: the intervention of the prime sponsor in the allocation process; the new distinction between policy setting (goals and objectives) and program development; the single (unified) program management chain; and the comprehensive program planning on an area basis. The problem here is to identify the evaluation information on the left of Figure 2 that must be provided by the evaluation system at each level.

The following discussion contrasts the administrative functions at each level, as shown in Figures 1 and 2, and develops a description of the information needed under decentralization.

III-7

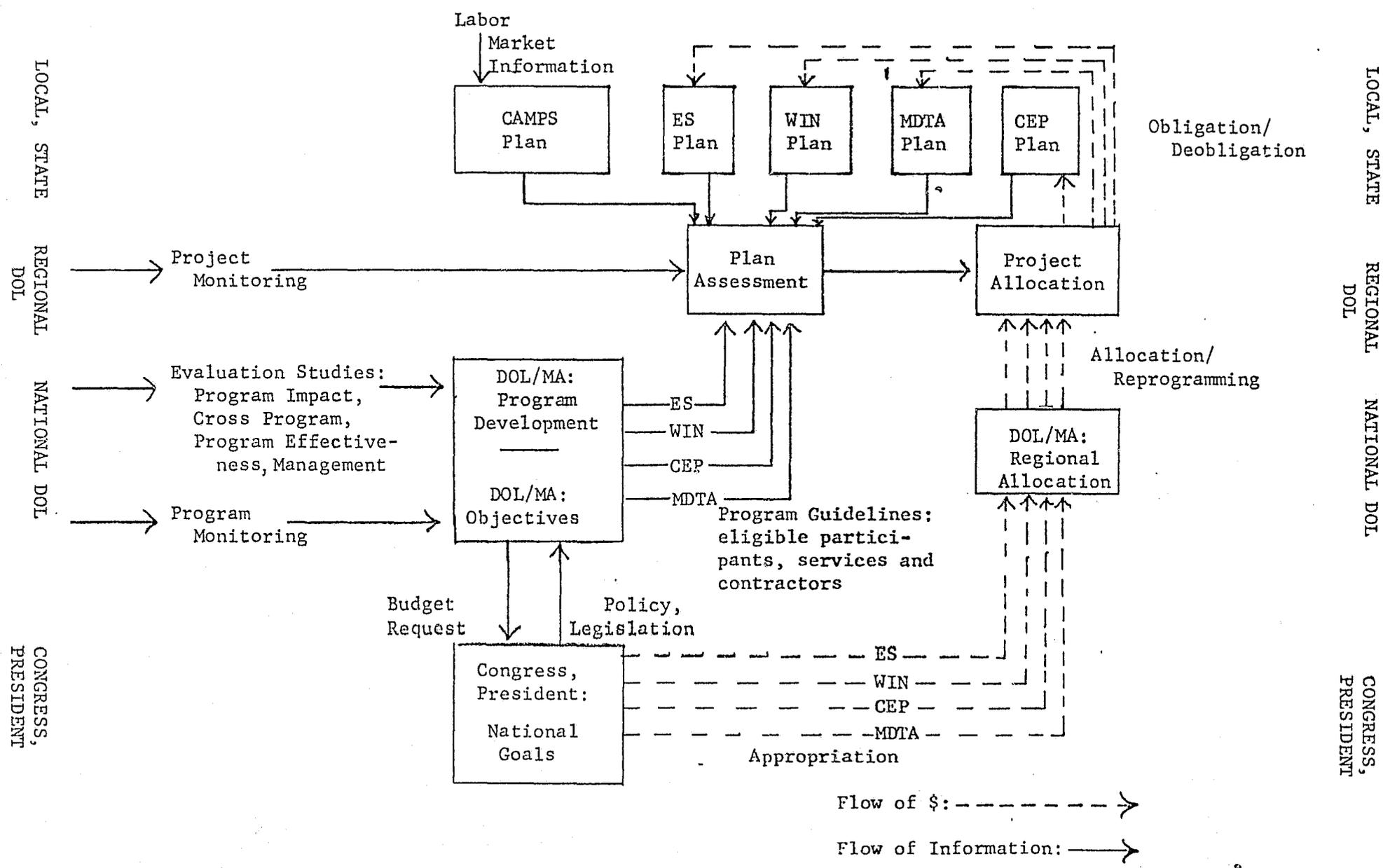


Figure 1. Current Administrative System

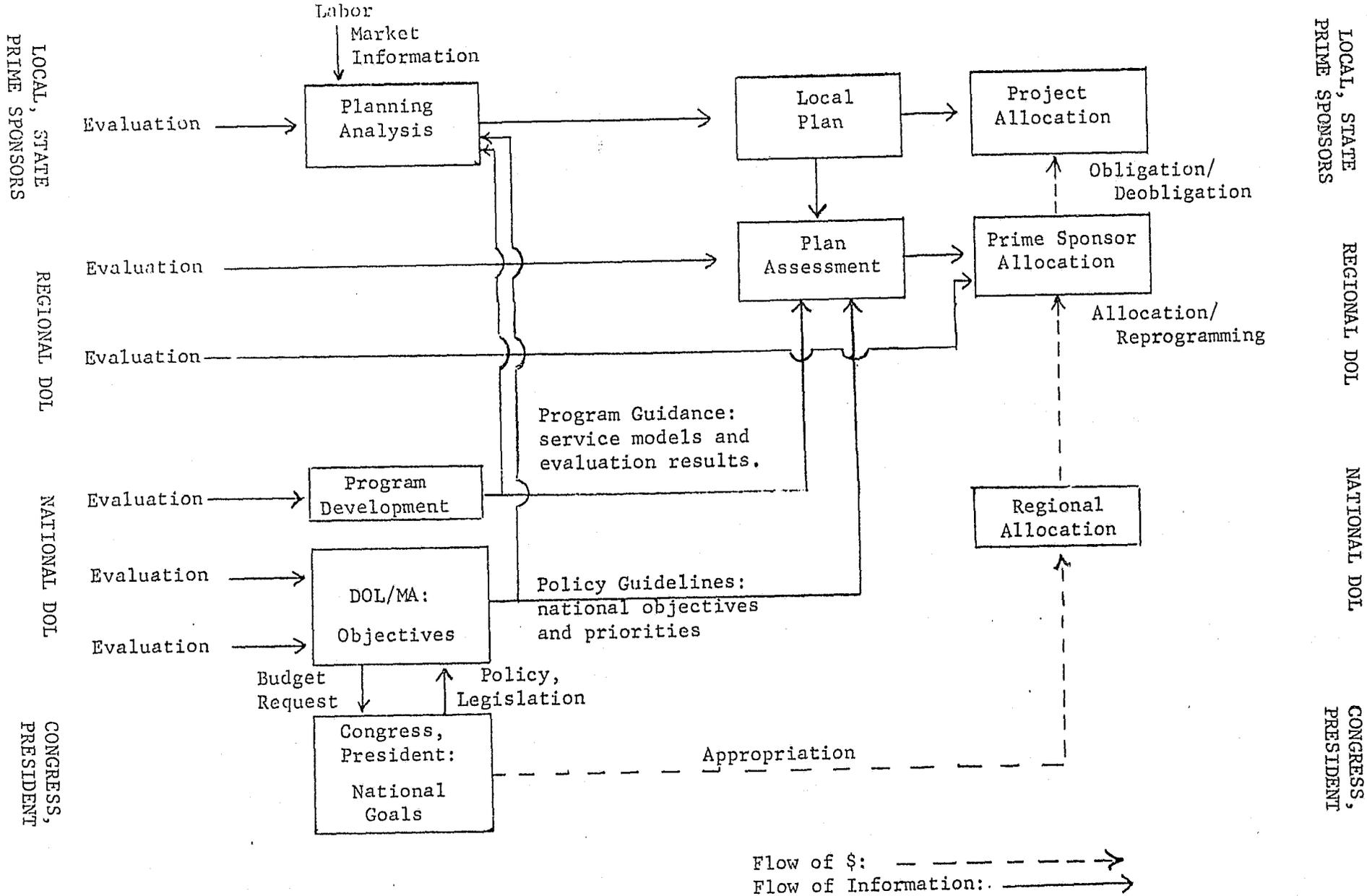


Figure 2. Administrative System - Decentralized/Decategorized

2. National Office

The National Office has three major functions: operationalizing and disseminating goals and objectives; program development; and program allocation. As shown by comparing Figures 1 and 2, decentralization and decategorization significantly change how these are carried out.

DOL goals and priorities are now set and disseminated by earmarking (administratively or legislatively) funds for categorical programs. Each categorical program has associated with it restrictions or eligibility requirements on applicants, services, and contractors. The final Congressional appropriation not only implicitly sets national priorities among various target groups, it also allocates among particular sets of strategies and target groups identified with the categorical programs.

These nationally prepared program packages are disseminated to the field in the form of program guidelines (Figure 1). Thus, the whole manpower program is to a great extent planned and set at the national level in terms of money earmarked for categories defined by target group, services, or prime contractors. Program development itself has been largely involved with the preparation of guidelines for categorical programs generated by Congress or the Administration.

Similarly, allocation has been on a program by program basis under the categorical structure. The trend has been toward giving regional offices block sums of categorical program money with some discretion in allocating it among projects. The amount allocated to regions is usually based on last year's operating levels. (MDTA allocates by formula.)

The evaluation studies shown on Figure 1--program impact evaluation, program effectiveness evaluation, cross program evaluation, and management evaluation--have been designed and disseminated to support the National Office in modifying program guidelines and in preparation of program budgets. The categorical programs are monitored on expenditures and obligations (actual vs. planned). 1/

Both the administrative functions and the type of required supporting evaluation change with decentralization and decategorization. With decategorization, the program package definitions and guidelines will no longer be appropriate; and with decentralization, the dissemination of policy by objectives will take on added importance. DOL will have to set national policy by specifying both target group constraints and performance measures for local planners and regional offices to use. The dissemination of objectives is shown in Figure 2 as now being distinct from the dissemination of program models. The result of decentralization and decategorization is that DOL will need a system (language, format, and procedures) for

1/ For example in the Quarterly Review and Analysis, part of Department Management System.

(1) disseminating national priorities among operational objectives and
(2) auditing national performance in terms of distributional criteria and performance measures. This requires a set of standard definitions and a program reporting system, both of which are to some degree available or are now being implemented.

Under decentralization, the focus of the planning process changes to the local prime sponsor. Given national objectives, the prime sponsor will propose those services that he determines will best work in his area. No longer will most allocation decisions be made in the National Office. The prime sponsors who recommend allocations and the regional offices who assess, negotiate, and approve plans are the new users of evaluation results. New evaluation requirements therefore must be classified under those levels.

Program Guidance (Figure 2) includes the development and dissemination of both program service models and the results of evaluation showing the effectiveness of particular services. This evaluation information will allow estimates of the probability with which the labor market status of particular types of applicant groups can be changed when provided with particular manpower services in particular labor market settings. As explained in Chapter VII, this type of information can be developed most effectively at the national level. The need to disseminate the results to regional offices and to prime sponsors places new demands on evaluation design and the "packaging" of evaluation results at the national level. In order to effectively support local planning and regional control, evaluations must be planned, carried out, and disseminated using the same definitions and format as that of the planning system and reporting system, and in a simplified form compatible with their use. The definitions used in disseminating evaluation results must have operational significance in service delivery.

The development of standard program service models also requires evaluation information which shows the degree to which particular components or services that are a part of a sequence of services contribute to the effectiveness of the sequence. This information would be used at the national level to modify and improve service models, and would be disseminated to the regional and local levels.

The impact of decentralization and decategorization on program allocation is to consolidate the funding lines and put allocation on an area basis. Moreover, the possibility that prime sponsor performance may be one criteria on which allocation is based extends the scope of the evaluation system to include the comparison of prime sponsors on some overall performance measure as well as their success in implementing particular service sequences.

Given the role of the National Office in a decentralized system, the type of evaluation information it will require can be specified. For setting objectives and reporting to Congress information on the expenditure of funds, information on the group receiving services, and the impact of the program will be necessary. For regional allocation and reprogramming, information on the expenditure of funds on a regional and area basis will be needed, along with information on the comparative effectiveness of prime sponsors. Program development will require information on the relative effectiveness of program services, the contribution of particular components to the success of a service, and the performance of service delivery systems in processing applicants.

3. Regional Offices

Under both present and proposed structures (Figures 1 and 2), the regional office role is a management one, with its major functions being plan assessment, allocation and monitoring of sponsors.

Within a categorical program, plan assessment and allocation has been done on a project-by-project basis. The more elaborate planning documents are CAMPS, ES Plan of Service, and CEP. The only criterion for judging these plans is their conformance to planning instructions and program guidelines. The project plan, as it comes under the present program structure, is usually no more than a budget justification. Project allocation procedures and criteria are now loosely drawn. The major criteria for allocation are the project's previous obligation and expenditure levels and these are the only project data that are systematically monitored for all programs by regional offices. On-site monitoring systems have been developed on a program-by-program basis but never systematically implemented or linked to the National Office. The regional offices, until quite recently, have not had any systems which provide anything resembling the type of performance data needed to support judgments on technical assistance and on plan approval and funding. ^{1/}

Under decategorization/decentralization, the assessment of the plan and evaluation of past performance can be two important ways in which DOL exercises control over the program. The plan can be assessed from at least three viewpoints:

- (1) How well does the plan reflect national goals and local needs for manpower services?
- (2) How feasible is the plan--can the prime sponsor implement it?

^{1/} The CEP program has developed a management information system for project directors and regional offices which is beginning to provide program performance data.

- (3) How effectively and efficiently does the plan reflect the amount that can be accomplished with particular types and levels of resources available and the services employed?

These criteria require some supporting information from an evaluation system--namely, information on the prime sponsor's past performance in implementing plans and information on the cost and effectiveness of services for particular applicant groups under different labor market conditions. Inclusion of performance criteria in apportionment formulas will require that the regional office have information on the relative effectiveness of prime sponsors.

The establishment of local prime sponsors will mean that the regional office will be responsible for fewer but much more costly and complicated local programs. A system which allows the regional office to monitor prime sponsors as their plans are being implemented will be essential.

4. Prime Sponsors

One major change shown in Figure 2 is the intervention of the prime sponsor in the project planning and allocation process. The significance of the prime sponsor's role is clear when contrasted to the current local planning responsibilities.

For the existing categorical programs, the annual plans vary in detail and sophistication but can each be described as a budget justification for funds to run a nationally designed program package. The program manager has limited authority to set local priorities or select alternative program services. The plan presents "service to be rendered" in terms of project operating level.

Under the current categorical program structure, a sponsor essentially relies on two pieces of information in planning:

- estimated or target budget
- last year's operating levels (number served and services delivered).

His new plan is prepared by adjusting past operating levels to meet the estimated budget level. Thus, planning here is equivalent to budgeting. This approach is appropriate since his role is to implement a nationally planned program package and since performance standards on effectiveness are not set.

Under decentralization, plans will represent the prime sponsor's allocation of resources among projects. With decategorization, the planner is free to choose the mix of services, taking into consideration national priorities, local needs, and evaluation information. Such a

planning process depends heavily on the availability of evaluation information. Specifically, the type of information required is of two types: (1) the degree of effectiveness and the cost of providing particular types of services to particular types of applicant groups in particular types of labor market conditions, and (2) the degree of success of the local service delivery system to implement plans and programs.

With decentralization and decategorization, the prime sponsor also assumes responsibility for administering a comprehensive program and this too creates new evaluation requirements. He must have information about how well subcontractors are performing in comparison with the estimated performance in the plan--and possibly in comparison with each other, where such comparisons are meaningful.

D. Evaluation Information Needed for Planning/Allocation/Control

In Figure 2, evaluation information is shown flowing into the administrative system to support various planning, allocation, and control functions. Given the above description of how the manpower system will operate under decentralization, it is possible to specify the types of evaluation information needed.

The major users considered in the evaluation design are the local prime sponsors, State agencies, the regional offices, and the National Office. Table 1 is a summary description of the type of information that the appropriate evaluation system should provide in support of the administrative functions at each level.

The "State" is not broken out here explicitly as an administrative unit. If the State emerges as a prime sponsor for particular areas, it will require the same evaluation information as other prime sponsors. If the State emerges with an administrative role over area prime sponsors, as proposed in the Manpower Training Act, the State will require an evaluation capability similar to that now recommended for the regional office. While this affects the assignment of responsibility in the evaluation system, it does not affect the basic evaluation design.

Examination of Table 1 indicates that two distinct types of evaluation information are needed. One type relies on the principles of research design and attempts to account for variations in program effectiveness. The other relies on comparisons of plans with data on applicants, costs, process flows and effectiveness reported during implementation of those plans.

For both kinds of evaluation, the data sources are described in Chapter VI and the methodology and uses in Chapter VII.

TABLE 1.--ADMINISTRATIVE FUNCTIONS IN A DECENTRALIZED MANPOWER PROGRAM AND THE NEEDED EVALUATION INFORMATION

Administrative Functions	Supporting Evaluation Information
<u>NATIONAL LEVEL</u>	
A. Setting objectives and reporting to Congress.	A ₁ . Types of applicants served compared to distributional goals. A ₂ . Funds spent compared to funds allocated. A ₃ . Success achieved in comparison with people not provided services.
B. Regional allocation on prime sponsor performance	B. Performance rating of prime sponsors by regions.
C. Reprogramming	C. Funds spent compared to funds allocated.
D. Program development of services and service delivery models	D ₁ . Relative expected success of particular service sequences. D ₂ . Success achieved in comparison to people not provided services. D ₃ . Relative contribution of particular components to the success of service sequence. D ₄ . Comparison of actual performance with planned performance at each step in the delivery of service.
<u>REGIONAL LEVEL</u>	
A. Assessment of feasibility of plans	A. Comparison of actual performance with last year's planned performance at each step of the delivery of services.
B. Assessment of projected effectiveness and efficiency of plans	B. Relative expected success of particular service sequences.
C. Allocation among prime sponsors based on performance	C. Performance rating of prime sponsors.
D. Deobligation and reprogramming	D. Comparison of funds spent to funds allocated as plans are being implemented.
E. Technical assistance to prime sponsors	E. Comparison of actual performance with planned performance as the plans are being implemented.
F. Compliance of prime sponsors to national objectives and priorities	F. Types of applicants served and results achieved compared to distributional goals.
<u>PRIME SPONSOR LEVEL</u>	
A. Planning analysis	A ₁ . Relative expected success of particular service sequences under given local labor market conditions. A ₂ . Success ratios between actual performance and planned performance at each step in the previous implementation phase.
B. Allocation among projects	B. Relative expected success of particular projects and subcontractors.
C. Deobligation of subcontractors and reprogramming	C. Comparison of funds spent as plans are being implemented to funds allocated.
D. Technical assistance to subcontractors	D. Comparison of actual performance with planned performance as plans are being implemented.

E. Using Information to Guide the Manpower Program

Management of manpower training programs has always required a timely and knowledgeable meshing of information and administrative actions. Other chapters of this study describe in detail how functions presently performed need to be modified, updated or interrelated in order to support prime sponsors and the Manpower Administrator in a decentralized, decategorized style of operation. In this section we will deal with the various means through which the Manpower Administrator exercises his authority to guide manpower programs toward national goals, improved performance, and improved design under decentralization and decategorization.

The question is essentially one of control--how does DOL maintain the leverage needed to move State and local sponsors toward national goals and policies. The maximum point of leverage generally occurs prior to actual commitment of funding to a detailed program. After commitment, leverage can only be obtained through the carrot of promising an increased budget commitment or the stick of threatening a decreased one. Both of these are uncertain and, as Ruttenberg ^{1/} has pointed out, take place at the margin of the budget, not on the total budget:

In government the tendency is for important activity and decision-making to take place at the margin of the budget process. Too often the only significant struggles concern incremental increases or supplemental budget requests. The base figures go unchallenged and pass beyond control. The margin becomes the contested prize.

Control can and should be exerted over the main portion of the programs rather than simply over the reductions and increases.

There are at least three areas where DOL leverage can be exerted:

- Distributing measurable goals and objectives,
- Guiding the development of local plans and assessment of these plans, and
- Budgeting processes, i.e., setting prime sponsor funding levels.

^{1/} Stanley H. Ruttenberg and Jocelyn Gufchess, The Federal-State Employment Service--A Critique (Baltimore: The John Hopkins Press, 1970).

Proposed manpower legislation contains a family of goals and objectives to be achieved. From these, operational objectives are developed by the Manpower Administration. These objectives are carried out through actual interventions made in local labor market processes by programs of prime sponsors. The selection of these objectives and the dissemination of measures of success or failure are the first points of leverage in influencing local use of resources. This applies to both distributional (who shall be served) and effectiveness (are the services the most effective) goals. These objectives become a set of constraints within which the local planner performs his allocations.

The next point of leverage (before funding) occurs through the impact of DOL upon planning of local programs and the assessment, modification, and acceptance of these by the regions. If the Manpower Administrator can provide an adequate format for local planning, evaluations of past performance in the same format, and the compatible objectives and success measures, the ARMA ^{1/} may be expected to exert leverage upon the prime sponsor's allocation of resources through the assessment and approval process. This is an especially desirable leverage point because it involves bargaining between the two persons likely to be most knowledgeable about local conditions, programs, and performance--the ARMA and the prime sponsor. It also involves review and assessment of the total planned program.

The previous framework for this type of control has been through categorical programs. Compliance to various categorical restrictions was required and monitored. With decategorization, this framework must be replaced. This report recommends that it be replaced with a format for planning, control, and evaluation based upon the particular service sequences of service delivery to be used locally. Each of the planning elements in the plan would describe the placement of specific applicant groups into specific types of jobs through the use of a specific sequence of service components (see Chapter V).

To a major extent, the budgeting process will represent a reflection of the leverage exerted through the first two steps discussed above and subsequent attempts to provide incentives or penalties. Inclusion of performance criteria in apportionment formulas is a recommended approach for establishing a system of incentives through the budget process. Appendix 2 illustrates a system for comparing the performance of prime sponsors, taking into account differences in available funds, groups served, and economic environments. The products of this system are indexes for each prime sponsor, indicating whether performance under the plan was exemplary, satisfactory, or below average in terms of improving the employment experience of each group.

^{1/} ARMA: Associate Regional Manpower Administrator.

If the evaluation system recommended is implemented, each subsequent planning cycle can be a possible basis for more than a marginal budget review. This is especially true as the effectiveness evaluation results are developed and provide a more meaningful basis for "standards of performance" in plan assessment and allocation. Performance is the important added consideration, both in some of the proposed legislation and in the discussion here.

IV. DERIVATION OF EFFECTIVENESS MEASURES FROM GOALS AND OBJECTIVES

A. Introduction

Manpower legislation puts forward a broad range of social and economic goals along with a set of programs to accomplish them. A major task facing policy makers and managers is determining how successful the programs, as implemented, are in meeting national goals and objectives. Isolating or identifying program success requires a capability for definition, measurement, and comparison. The problem is two-fold--how to suitably define success and what to measure and compare.

The purpose of this chapter is to recommend a set of success measures for use in prime sponsor planning, monitoring, and program evaluation that can be stated in terms of the prime sponsor's program for local delivery of services, used to validate or reject the underlying assumptions of service delivery programs, and eventually related to national goals.

This chapter will attempt to relate national goals to specific interventions being made locally and explore what is and is not known about the relationship of these interventions to national intentions. The implications of present knowledge gaps for planning, evaluation, and research will be brought out. Finally, a group of measures will be selected that can be related to the intentions or goals and can also be related to the interventions being made in the field. Recommendations are made in the body of the report on the use of these measures in planning, monitoring, and evaluating a comprehensive manpower program.

B. Conclusions

The goals of much of the national legislation proposed over the last year in the manpower field are stated in terms of national problems such as unemployment, inflation, productivity, and reduction in economic dependency. The specific interventions made by most manpower programs, however, consist of particular services delivered to local applicants. Our conclusion is that the best measures for determining program success should be based upon the applicant's labor market experience:

- Change in Wage Rate: Hourly income at Job Entry Completion minus last hourly income on a full time job before enrollment.
- Change in Earned Income: Earned Income over the 12 month period following Job Entry minus Earned Income over the 12 month period preceding enrollment.
- Change in Unearned Income: Unearned income over the 12 month period following Job Entry minus Unearned Income over the 12 month period preceding enrollment.
- Job Stability Measures:
 - Number of jobs in 12 month period preceding enrollment minus number of jobs in 12 month period following Job Entry.
 - Time unemployed (but looking for work) in 12 month period preceding enrollment minus time unemployed (but looking for work) in 12 month period following Job Entry.
 - Number of weeks employed full time in 12 month period preceding enrollment minus number of weeks employed full time during 12 months following Job Entry.

These will be cumulated by groups to determine the effect of receiving service on groups of applicants. Comparison group data will be necessary to distinguish the amount of change that would be expected without service. Local labor market information would be also used when making comparisons from area to area. But the basic program success criteria should be constructed from these measures of applicant labor market experience.

Further evaluation into the service delivery process should be made to link successes (on these measures) to the training or service given and the funds used. Further research is necessary to determine the impact of providing successful service to applicants on the local and national labor markets. Thus a variable like unemployment will be principally considered an independent variable affecting success in service delivery. We would also like to have considered (at least local) unemployment a dependent variable. But until both the many exogenous factors

affecting unemployment can be isolated and/or the structural method by which manpower programs affect unemployment adequately determined, it seems impossible to determine local program success in terms of variables such as unemployment and inflation.

C. The Multiple Definitions of Manpower Program Goals

Each of the recently proposed manpower bills begins with a section on findings and purpose from which one can extract a set of desired ends of varied levels of specificity. Examples might be:

- Reduce Unemployment
- Reduce Underemployment
- Upgrade Skills
- Reduce Dependency on Welfare
- Reduce Critical Skill Vacancies
- Ease the Transition into the Labor Force
- Increase Public Service Employment to Meet Unfilled Public Needs

Some of these statements of intention are treatment-oriented, some are goal-oriented. The interrelationships among these and many other stated purposes of manpower legislation are ill-defined. The set of objectives listed also implies a number of broad, overlapping target groups whose interaction with each other in the labor market is not well understood. This mixture of process, social, and economic language in statements of intent makes calculations of program outputs a difficult problem.

The set of legislative objective statements is not an adequate description of either national goals or program objectives for management purposes. They do not easily lead in all cases to the measurable criteria needed to plan, manage, and evaluate a program. Consider the problem involved in trying to define commensurable objectives for programs as diverse as upgrading and public service employment.

Upgrading of employed workers is considered to be an end in itself, since it increases productivity (another stated purpose) and allows a person "to qualify for employment consistent with his highest potential and capability" (H.R. 19519, Sec. 2). It is also seen as a means to another end in that it opens up entry-level jobs for the placement of unemployed and underemployed workers. The choice of which objective to emphasize would drastically influence the design of the program and the design of an evaluation. Similarly, public service employment is put forth as having two purposes: to meet unfilled public needs and to provide meaningful jobs. The concepts of "meaningful jobs" and "meeting unfilled public needs" are difficult to quantify in practice.

In order to facilitate the planning and evaluation of a manpower program, some order must be made out of this array of goal and objective statements. One way to approach the problem is to view programs in their operating context and develop a set of measures that can be used in evaluation to test the assumptions linking service delivery to various goal statements. This is the approach taken here.

D. National Goals and Specific Interventions

1. National Goal Statements and Measures

The role manpower programs play in meeting overall national goals is clearly stated in the Manpower Report of the President:

The Nation's economic goals for the 1970's combine a high rate of economic growth with a greater degree of price stability than has been experienced in the past. And, ... the promotion of economic stability and growth is an objective to which manpower programs can make special contributions. Besides reducing inflationary pressures, enhancing worker productivity, and increasing employment, these programs can focus intensively on the problems of those individuals and groups that do not share fully in the Nation's prosperity. The very recognition that economic objectives can be effectively served by more than the traditional fiscal and monetary devices is an important step in the realization of the broad promises of manpower programs. ^{1/}

Thus, manpower programs are seen as having distributional and efficiency^{2/} objectives -- on the one hand, they have been thought of as social programs directed for the most part at aiding the poor and disadvantaged; on the other hand, they are viewed as a component of our national economic policy directed at full employment, economic growth, and price stability.

The traditional tools of economic management are monetary and fiscal policy. These "carry the major burden of achieving the goals of stabilization and high employment."^{3/} However, in discussing manpower programs as an adjunct to monetary and fiscal policy, the President's report draws two broad distinctions which point out the potential usefulness of such programs to economic management. First, manpower programs tend to be specific in nature, being designed for distinct individuals, groups and communities, while monetary and fiscal policy tend to have broad undifferentiated impacts. Second, monetary and fiscal policies tend to operate on aggregate demand, whereas manpower programs operate, for the most part, on the supply side. Manpower programs are seen as working directly to increase output and employment while reducing pressure on costs and prices.

^{1/} Manpower Report of the President, 1970.

^{2/} Efficiency is used in this report to mean effectiveness/cost.

^{3/} Manpower Report of the President, 1970.

The President's Manpower Report goes on to discuss the role of manpower programs under two economic conditions: increasing employment and increasing unemployment. In periods of high employment with the economy operating at or near full capacity, some unemployment persists. While many factors are involved, this unemployment is often attributed to inefficiencies in the labor market and described as "frictional unemployment" and "structural unemployment". The characteristics of the unemployment and the unemployed change significantly as demand slackens and more skilled workers lose their jobs. In this latter case, insufficient aggregate demand rather than inefficiencies in the labor market predominate.

Under high employment conditions, manpower programs are seen as dealing with labor market inefficiencies through job matching, training, and other services to the unemployed. With insufficient aggregate demand, manpower programs are seen as cushioning the impact of unemployment through transfer payments while enhancing the employability and earnings of participants over the longer run.

Review of the various pieces of proposed legislation reveals a similar but more specific breakout of national goals along distributional and efficiency lines. Table 1 below summarizes a group of national goals reiterated in the proposed legislation. They represent statements of national intentions for manpower programs.

TABLE 1.--GOALS OF NATIONAL MANPOWER LEGISLATION

- I. Improve Aggregate Economic Conditions
 - A. Reduce Unemployment and Underemployment
 - B. Increase the Productive Capacity of the Labor Force
 - C. Reduce Inflation
 - D. Reduce Economic Dependence
- II. Improve the Economic and Social Conditions of Specific Population Groups (e.g., poor persons, new entrants and reentrants into the labor force, and competitively disadvantaged persons)
 - A. Increase their Employment Stability, Wages, and Job Satisfaction
 - B. Raise their Incomes Through Payment of Training Stipends
- III. Help Meet Unfilled Public Needs (e.g., provide jobs and training in the fields of health, public safety, and pollution control.)

Measurement of goals related to specific population or occupational groups (II and III) is, in theory, straightforward. However, there are very few data series which provide information in that detail on a continuous and reliable basis.

The aggregate economic goals (I) espoused in the manpower legislation relate to the status of the population and the economy as a whole, rather than to specific population groups. Indications of goal achievement are relatively easy to obtain.

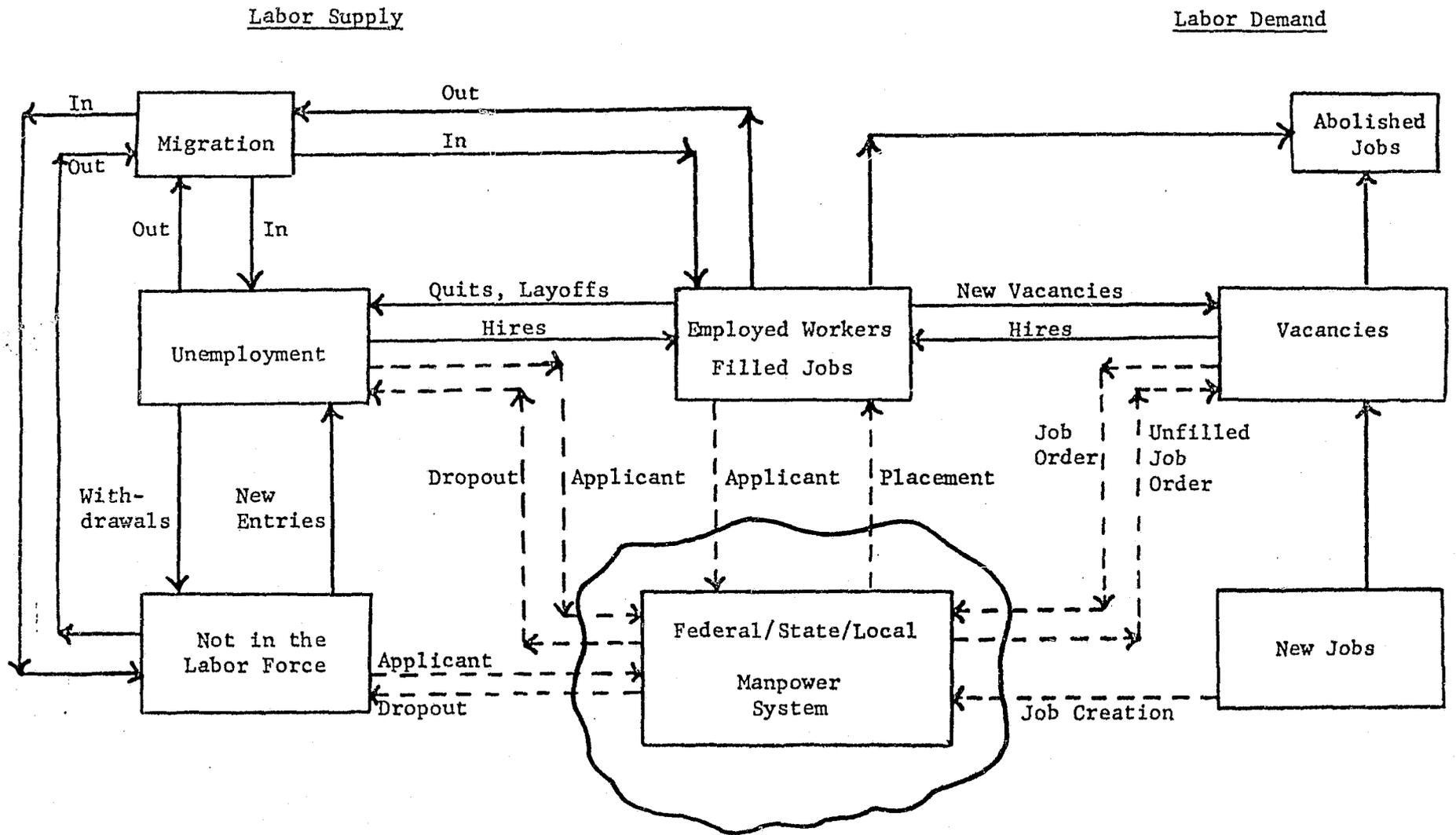
- Unemployment and underemployment are measured monthly in the Current Population Survey by unemployment rates, part-time employment rates, reasons for part-time employment, average length of work-week, and the like.
- The productive capacity of the labor force is measured periodically by the Commerce Department by indices of real GNP, output per man-hour, and the like.
- Changes in inflation are measured monthly and reported in terms of the Consumer Price Index, the Wholesale Price Index, the implicit GNP deflator, and their components.
- Economic dependency is measurable in part from the operating statistics of the agencies that distribute unemployment compensation, public assistance, and other transfer payments.

These broad manpower goals (I, II, and III) are all related to the overall economy and the structure of the labor market (supply and demand). The question of concern for evaluation, however, is how do manpower programs operating within the larger labor market impact on these national measures. As will be discussed below, these indicators cannot be used to measure manpower programs directly because of the present lack of knowledge of the causal relationships between manpower program activity and the behavior of the labor market and the economy.

2. Specific Interventions and Measures

Manpower programs and policies are presently made at the national level, but they operate in the context of the local labor market. They represent an intervention in the job search and labor turnover process. Figure 1 shows where in the labor market process (major stocks and flows are shown) the manpower program can intervene. These interventions can take many forms, from simply speeding the hiring process to extended training and work experience aimed at improving employability. All of these local interventions are made in attempts to achieve sets of stated national goals. (It is important to realize that, because of their present

6-AI



—————; Major flows from one stock to another in the labor market.

-----; Major flows through the manpower system.

Figure 1. Federal/State/Local Manpower System in the Labor Market

relative size, manpower programs operate as a supplement to the functioning of the normal labor market rather than as one of its principal components. Even if program effectiveness were significant, the impact of manpower programs on the labor market might be undetectable due to the small size of the total program relative to other factors:)

The types of manpower programs visualized in the legislation considered this year are shown in Table 2. Comprehensive manpower training programs, Job Corps, occupational upgrading and work and training programs all try to intervene in the labor market process by changing a program applicant's characteristics in order to increase his chances of stable employment. The comprehensive program also has provision for other types of interventions, for example, relocation (moving an applicant to some area where he can be placed) and job development (changing an existing job to fit the applicant). Public Service Employment intervenes by creating new jobs and the "Economic Stabilizer" ^{1/} reflects the view of manpower programs as a means to cushion unemployment.

Table 3 lists the types of components eligible in a comprehensive program. One can easily visualize complex sets of success measures associated with the components, with the programs, and with the different types of intervention. The following sections will develop distinctions which are necessary to establish research, planning, and evaluation programs.

a. Measures of Effectiveness

To be able to speak of effectiveness in meeting a goal requires that the goal and the intervention designed to achieve it be related in some common system of measurement. The argument to be developed in this chapter is that, given the present state of knowledge, the most appropriate framework for this measurement at present is not the national economy or the target groups in the labor market, but the success of the applicant in the labor market.

An important part of an evaluation system for a comprehensive program deals with the definition of success in local service delivery. There are several types of measures that can be taken in local service delivery. For example, consider a program trying to lower the unemployment of some target group. It might be assumed that unemployment would decrease if an unemployed group's probability of finding and keeping a job was increased. It might further be assumed that this could be best accomplished by providing skill training to individuals in that group. The local intervention would then take the form of training courses to certain types of applicants. Each level at which assumptions are made has associated with it a set of measures. Table 4 illustrates the assumptions that link some of the measurements to others.

^{1/} The "Economic Stabilizer" is a legislative provision which provides an automatic increase in manpower program resources when unemployment exceeds some level.

TABLE 2.--TYPES OF PROGRAMS PUT FORTH IN RECENT PROPOSED LEGISLATION

	<u>Manpower Training Act</u>	<u>Comprehensive Manpower Act</u>	<u>Employment and Manpower Act</u>
Comprehensive Manpower Program	Title I	Title I	Title I
Categorical Programs			
Job Corps	Title II	—	(Part of Title IV)
Occupational Upgrading	—	Title II	Title II
Public Service Employment	—	Title III	Title II
Work & Training Programs	—	—	Title IV, Title V
Economic Stabilizer	Title V	—	Title VI
Special Federal Responsibilities (Information, Research, Development, Computerized Job Banks)	Title III, Title IV	Title IV	Title IV

TABLE 3.--COMPREHENSIVE MANPOWER PROGRAM COMPONENTS*

Basic Education
 Basic Manpower Service**
 Orientation
 Occupational Training
 (Institutional, On the Job Training)
 Upgrading
 Supportive Services***
 Work Experience
 Work Programs for Students
 Relocation Assistance
 Job Development and Restructuring
 Skill Centers
 Service Centers

* Source: MTA, CMA, EMA

** Includes: Outreach, Intake, Assessment, Orientation, Counseling, Coaching, Referral to Training, Placement, Follow-up.

*** Includes: Health services, physical examinations, child care, bonding, residential support, family planning, transportation assistance.

TABLE 4.--AN EXAMPLE OF GOALS AND MEASUREMENT

Level	National	National & Local Labor Market	Local Service Delivery Component	Local Service Delivery System
Goal	Reduce Unemployment of Target Group	Raise Employability of Applicant	Teach Applicant to Weld	Pass Applicant Through Welding School and Place on a Job
Type of Measurement	National Statistics and Series	Impact on Applicants' Success in Job Market	Alteration in Characteristic Necessary for Job	Process Flow
Example of Measure	Change in Unemployment Rate of Target Group	Post-program Wage, Income, Job Stability	Change in Skill at Welding	Time in Training Slot, Completion of Course, Job Placement

Table 4 shows four types of measures that can be used in defining program success: process flow, changes in applicants' job-related characteristics, changes in applicants' labor market success, and changes in aggregate social/economic indicators.

- Process flow measurements (such as are in common use at present) simply tell that the program is operating and that trainees are passing through it with certain numbers of dropouts and completions.
- Measuring the component results in terms of the actual change in applicant skills and characteristics allows a test of the basic assumption that the program is imparting these skills.
- Measuring the impact on the wage, income and job stability of the applicant allows an assessment of the assumption that the skills being imparted actually have some effect on applicant success in the labor market.

- The impact on the applicant's labor market experience could be related to changes in the national goal measures if the appropriate labor market and economic theory were available.

With the proper design an evaluation can determine the relative effects of the program on the applicant's labor market success. Success in the labor market itself can be related to process flow measures and changes in applicant characteristics, thereby testing the assumptions on which the intervention was based. The evaluation system recommended in the body of this report will be able to validate or reject the assumptions underlying various programs only in terms of their effect upon an applicant's success in the labor market. Detailed evaluation of the assumptions linking most specific local interventions and their related national goals awaits further development of adequate models and theories of labor market operation, interaction of different groups of workers in the labor market, and effects of local programs in the overall and local labor markets.

Evaluation of the impact of manpower programs on the national economic goals or labor market goals (target group status) is not feasible at this time. The relative size of manpower programs makes their expected overall impact on the economy and the local labor market small in relation to the effects of other factors involved. Moreover, because of the missing labor market theory, it is not known how to account for effects such as displacement within and between groups. At this point in time, evaluation should be concentrated on discovering the impact of manpower programs on applicants. As the necessary research is performed, the results can then be used to improve existing programs, to throw light on what types and sizes of programs might be adequate to exert a measurable effect on the target groups, and to develop the data necessary for research on the operation of the labor market. Until such research is accomplished, the understanding necessary to make the direct links between local interventions and aggregate national manpower goals will be missing.

b. Distributional Considerations

It was mentioned in the introduction that there are distributional considerations as well as efficiency considerations at the national level in both the past programs and present legislation. What segments of the community benefit from the service is, of course, the key distributional question. In making this choice, a prime sponsor will be guided by national guidelines, by analysis of the local labor market need, and by his own political-social preferences. The conceptual problem here is in defining need. The measurement of distribution of service is relatively straightforward, once the national guidance is clearly given.

There are several aspects to this distributional question which must be brought out. One deals with the relationship between the national goal and the local intervention and the other with the different data requirements for policy, evaluation, and planning.

Once national distributional goals are set, there still remains the question as to which applicant groups will be trained for which jobs. Ideally, a topography of the labor force and the theory linking various types of interventions in terms of direct and secondary effects on subpopulations in the labor force should be used to make these determinations. For example, suppose it were known that the best way to lower unemployment among the disadvantaged, a national goal, would be to upgrade the middle-income worker, thereby opening up entry level jobs. The local planner's distributional (operational) goal in this case would be "middle-income workers." As has been suggested, knowledge of how to best achieve distributional goals does not exist today (see Section F). Without such knowledge, allocation is reduced to assuring that those target groups held to have priority needs are directly receiving services or benefits.

Table 5 lists the target groups identified in the proposed legislation and Table 6 identifies these in terms of the major labor market stocks shown in Figure 1. It is not clear at this point in time exactly what distributional requirements will be in the legislation nor how the Department of Labor will use them. With decategorization and decentralization the local planners will be determining (or at least proposing) which applicant groups will be trained for which jobs. Since the set of groups listed in Table 5 is almost all-inclusive, local planners will be called upon to set priorities among groups in the set. No doubt DOL will have to play a major role in giving local prime sponsors guidance as to which groups should receive services.

Descriptions such as Table 6 may be adequate for disseminating national policy. They are not sufficient for evaluation and planning. With decategorization, particular programs are no longer mandated and consequently, alternative services may be selected (or at least proposed) by the local planner. In order to select or allocate among various services, the planner must have an explicit statement of both distributional and efficiency objectives. Moreover, he must be able to estimate the effectiveness of a service for a particular applicant group. Many category definitions in Table 6 (i.e., veterans) cannot be expected to be homogeneous with respect to program success. In other words, the predicted program effectiveness for the group as a whole will have a wide variance. Consequently, given a distributional objective, the planner has to be able to estimate within this "need category" the number of different types of potential applicant groups defined by characteristics associated with expected program success. These characteristics cannot be a matter of policy as are the "need categories"; rather, they will be determined by the evaluation studies. The characteristics data that should be collected for use in evaluation are discussed in Chapter VI.

3. Summary--A Hierarchy of Goals, Objectives, and Measures

Parts 1 and 2 of this section (C) have developed a hierarchy of goals and related measures. A distinction can be made between two kinds of measures based on the sensitivity of measurement: national and operational.

TABLE 5.--TARGET GROUPS: PROPOSED LEGISLATION

Proposed Act Type of Program	CMA	EMA	MTA
Comprehensive Manpower Program	Services under this title are prescribed for qualified job seekers, the unemployed and underemployed, prisoners, veterans, youth from low-income families, employed workers, the discouraged and undermotivated, low-income persons, disadvantaged, chronically unemployed poor.	Same as CMA.	Unemployed, underemployed, low-income, or otherwise disadvantaged person 16 years of age or over who are not adequately prepared for suitable employment in their area of residence.
Categorical Programs: Upgrading	Selection of trainees shall be based on merit, ability, and length of service--no person shall be selected as a trainee until such person has been in the employ of the employer for a period of not less than six months.	Same as CMA.	--
Public Service Employment	The eligible unemployed--i.e., an individual who has demonstrated that he is able and willing to work and (A) has been unemployed for five or more weeks or (B) is employed on a part-time basis.	Unemployed and underemployed persons, with special consideration for persons who have participated in manpower training programs for whom employment opportunities would not otherwise be immediately available.	--
Special Work and Training Programs	--	Unemployed, underemployed, low-income, employed (upgrading), prisoners, youth from low-income families, older workers, Indians, migrants, bi-lingual persons.	--

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TABLE 6.--DISTRIBUTIONAL CATEGORIES IN PROPOSED LEGISLATION

<u>Population</u>	<u>Jobs</u>
Employed	
(1) qualified worker	
(2) underemployed	
(3) low income persons	
Unemployed	Vacancies
(1) qualified worker	(1) critical skills
(2) disadvantaged	
(3) chronically unemployed	
(4) youth from low income families	
(5) low income persons	New Jobs
(6) older workers	(1) unfilled public needs
(7) Indians, migrants, bilingual	
(8) Veterans	
Not in the Labor Force	
(1) welfare recipients	
(2) in-school youth	
(3) prisoners	
(4) discouraged and undermotivated	

National goals look at the overall economy or specific target groups in the labor market and are described by aggregate measures. There is also a more immediate operational set of objectives stated in terms of particular applicant groups. Three types of measures associated with applicants have been identified: process flow data (or the provision of some service), alterations in job related characteristics, and subsequent labor market success. In summarizing the discussion, Table 7 associates national goals with typical interventions and several types of applicant success measures.

As an example to clarify the Table, trace the entries in row (d), Structural Unemployment. The implied national measurement is from national unemployment figures, especially those dealing with long term unemployment. The major intervention of the Manpower Administration, however, is in Employability Development. Success in ED may be difficult to measure with this national measure because of many other interacting economic and social factors whose interrelationships in creating unemployment are not precisely understood. The Manpower Administration can measure the impact of its intervention in at least three ways.

The first (not shown in the table but discussed in Chapter VI) is simply in terms of process flow data: number in, drop-outs, placements, etc. This implicitly assumes that the basis of all such efforts is correct and workable and that the only assessment necessary is that the programs are operating.

At a different level of measurement, the direct effects of intervention on applicants and jobs can be measured in terms of variables shown in Column 3. This will at least allow assessment of the effectiveness of each intervention in achieving changes that are believed to produce effects in line with national goals. In order to verify that these operational changes (say skill training) do produce an impact of the type and direction indicated by the goal, some other measurements must be made. This third type is indicated in the last column. Changes in wages, income, and job stability measured after the intervention are more indicative of progress toward meeting the national goals and at the same time allow an assessment of particular techniques of intervention (measured in the preceding column) to determine their effectiveness in producing such progress. The measurement of the type of data in the last column is thus pivotal in relating specific interventions to national goals. The applicants' experience is the common system of measurement needed to relate national goals and the interventions designed to achieve them.

TABLE 7.--COMPARISON OF NATIONAL GOALS AND SPECIFIC MANPOWER INTERVENTIONS

Examples of National Goals	(1) Implied National Measurement	(2) Example of Related Intervention	(3) Measurement of Direct Effects of Intervention on Applicant or Job Characteristics	(4) Measurement of Overall Impact of Intervention on Applicants
<p>Improve the Economic and Social Conditions of Specific Population Groups:</p> <p>(a) Increase Employment Stability, Wages, and Job Satisfaction.</p> <p>(b) Raise Incomes Through Transfer Payments.</p>	<p>Employment and income levels for each target group.</p> <p>Funds spent in transfer payment to these groups.</p>	<p>Employability development.</p> <p>Increased stipends and subsidized jobs.</p>	<p>Changes in education, behavior, personal appearances, specific skills, location, job descriptions, discrimination.</p> <p>Process flow data. Changes in skills.</p>	<p>Changes in wages, income, and job stability</p> <p>In-program wage and post-program changes in wages, income, and job stability</p>
<p>Improve Aggregate Economic Conditions. Reduce Unemployment Described as:</p> <p>(c) Frictional</p> <p>(d) Structural</p> <p>(e) Due to Decreased Aggregate Demand</p>	<p>National unemployment figures.</p> <p>National unemployment figures.</p> <p>National unemployment figures.</p>	<p>Speed and improve job matching.</p> <p>Employability development.</p> <p>Both improved job matching and use of training opportunities to cushion unemployment.</p>	<p>Time unemployed and time in manpower system as percent of cycle time or of a fixed period.</p> <p>Changes in education, behavior, personal appearances, specific skills, location, job descriptions, discrimination.</p> <p>Changes in education, behavior, personal appearances, specific skills, location, job descriptions, discrimination.</p>	<p>Changes in wages, income, and job stability</p> <p>Changes in wages, income, and job stability.</p> <p>No immediate measure on the trained but unplaced, except flow data. Changes in wages, income, and job stability on those placed.</p>

(Continued)

TABLE 7 (Continued)

Examples of National Goals	(1) Implied National Measurement	(2) Example of Related Intervention	(3) Measurement of Direct Effects of Intervention on Applicant or Job Characteristics	(4) Measurement of Overall Impact of Intervention on Applicants
(f) Increase Productivity	Productivity of work force.	Upgrade through training.	Change in skills.	Measurement of change in productivity requires a measure of change in output plus change in wage.
(g) Reduce Inflation	Inflation rate.	Speed and improve job matching and fill critical skill vacancies.	Time to match and the reduction in vacancies.	Changes in wages, income, and job stability.
(h) Reduce Economic Dependency	Welfare load.	Employment development for welfare clients.	Changes in education, behavior, personal appearances, specific skills, location, job descriptions, discrimination.	Changes in wages, income, and job stability.
(i) Help Meet Unfilled Public Needs	Increased local government employment in specific areas.	Subsidize jobs.	Process flow data (enrollment).	Changes in wages and income over time. Productive work performed.

E. Measures of Success

1. Measures of Effectiveness

In the discussion above, several research and evaluation measures were discussed. One set of these measures is of immediate value in evaluation of manpower programs because it can be used to measure the results in the labor market of specific local interventions through manpower programs and it can be related to national goals and intentions (although more research is necessary before a quantitative relationship can be defined). A more detailed definition of these measures is given below. Chapters V and VI relate them to a general service delivery model and discuss the availability of the necessary data. Chapter VII describes their usefulness in various types of evaluations. The measures selected are:

- Change in Wage Rate -- Hourly income at Job Entry Completion minus last hourly income on a full time job before enrollment.
- Change in Earned Income -- Earned Income over the 12 month period following Job Entry minus Earned income over the 12 month period preceding enrollment.
- Change in Unearned Income -- Unearned Income over the 12 month period following Job Entry minus Unearned Income over the 12 month period preceding enrollment.
- Job Stability Measures:
 - Number of jobs in 12 month period preceding enrollment minus number of jobs in 12 month period following Job Entry.
 - Time Unemployed (but looking for work) in 12 month period preceding enrollment minus time unemployed (but looking for work) in 12 month period following job entry.
 - Number of weeks employed full time in 12 month period preceding enrollment minus number of weeks employed full time during 12 months following Job Entry.

Until correlations can be established, at least these measures (and perhaps other special case measures) will be necessary to perform the evaluations in Chapter VII. Some smaller subset or surrogates of these measures from flow data may be used for monitoring in the immediate period. Only experience with usage can indicate which are best for this purpose.

In almost all cases, the success or failure of a program can be evaluated in terms of the measures above. Some program inputs and outcomes, however, either bias or are not accurately reflected in these measures. Figure 2 shows three outcomes for an applicant--unemployment, employment, exit from the labor market. Certain options open in entering or exiting from the program present a problem. The Neighborhood Youth Corps is the principal example. The applicant may have no work history to use as a baseline and a successful program outcome might be entry into college, which would not be reflected (in the short run) in the measures above. Joining the armed forces is another option which does not provide a labor market wage as a measure. These cases may have to be handled by an adjustment in measures, by a separate measurement, or by measurement carried out over a longer period of time when reviewing project performance. It may be especially necessary to distinguish entrants from "out of the labor force" when large numbers are in a program since this would imply a zero starting wage (for example, welfare recipients). Consequently, aggregating performance measures across applicant groups must be done with caution.

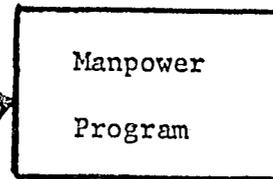
2. Distributional Considerations

If the reporting system discussed in Chapter VI is adopted, evaluating distributional performance should be no problem and require no special measures. Adequate demographic data is presently taken on the MA-101 to check most of the distributional guidelines being proposed either in DOL or in legislation. As effectiveness data are developed, distributional goals may be extended to consider distribution of output (effective programs) rather than distribution of input (funds and slots). A discussion of this is given in Appendices 2, 3, and 4. The above measures are suitable for this purpose also.

Applicant Status

At Entry

- (1) Employed
- (2) Unemployed
- (3) Not in the Labor Force
 - (a) School
 - (b) Military
 - (c) Prison
 - (d) Welfare
 - (e) Other



Applicant Status

At Exit

- (1) Employed
- (2) Unemployed
- (3) Not in the Labor Force
 - (a) School
 - (b)
 - (c)
 - (d)
 - (e)

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Figure 2. Entry and Exit Labor Market Status

F. Unknown Relationships and Their Impact
on Planning, Evaluation, and Research

The previous section has established a framework for setting out the relationships and assumptions linking national goals and local interventions. This section identifies more closely what is and is not known about these relationships and the impact of the knowledge gap on planning, evaluation, and research.

1. Examples of Unknown Relationships

How precisely and quantitatively can transitions from national goals to manpower goals to specific interventions be treated at the present state of knowledge? A few examples may clarify this question. For example, if a program is successful in reducing the unemployment rate of its applicants, it cannot necessarily be inferred that unemployment in the labor market (or even in the target group) was reduced by a like amount. The manpower program trainees may have displaced other workers who were eligible for these jobs. The net decrease in unemployment may be zero due to substitution or other effects. Likewise, increasing the productivity of a group of workers may not result in an increase in productivity in the economy, due to a similar substitution of resources effect. Even serving the disadvantaged may result in deflating the wage of the marginally productive worker and contribute to the expansion of what has been described as the secondary labor market (i.e., the sub-employed, disadvantaged worker in low paying, unstable jobs).

While the national goals can be stated in terms of economic growth, inflation and unemployment rates, the impact of manpower policy on these measures is not precisely known at this time. Neither the theoretical structures nor the data required to link national goals to measurable local objectives are complete. Therefore, it is not possible at this time to plan, manage, and evaluate manpower programs in terms of their impact on the national economy and the labor market. Development of these relationships requires a great deal of research, and the following discussion indicates some of the knowledge gaps. If this knowledge were available, obviously it would have tremendous impact on the design of programs.

At a lower and more important level, the relative effect of various local allocations of effort on local output is not now known. For example, given a certain level of vacancies, it is not known which process sequence is most cost-effective for treating youth from low income-families. However, by properly defining the process sequence, this information can be determined at present from operating data. Obtaining this

CONTINUED

1 OF 3

information is a necessary first step in further research as well as a necessity for efficient program management. The evaluation system developed in Chapters VII and VIII would provide such information.

These missing relationships and their consequences can be more clearly distinguished when they are discussed in the hierarchical planning process, for it is here that they will be ultimately used.

2. Effect on Planning, Evaluation, and Research

Each service sequence is a specific sequence of interventions which has as its direct goal alterations in the characteristics of applicants and jobs that will enhance the probability of the applicants being placed in the jobs. A direct change in these characteristics (specific skills, work habits, etc.) as described in column 3 of Table 7 will be referred to in this section as a change in a C measure, " ΔC ." These changes in C are made with the intent of influencing the future success of the applicant in the labor market. Measures of applicant success in the labor market are defined in Table 7, column 4, and exemplified by the measures of wage rate, income, and job stability given immediately above. Changes in these program success measures will be referred to as a change in an M measure, " ΔM ."

Many programs now in the field contain implicit assumptions about the behavior of ΔM with changes in ΔC . For instance, a GED program assumes that changing the educational level and educational certification of an applicant (a ΔC) will cause a corresponding increase in his future wages and income (a ΔM). Only measurement and evaluation can determine if this is true. Were all of these implicit relationships known and proven with quantitative measurements, a local planner's problem would be simplified. If he wished to allocate his funds simply to increase effectiveness, he would choose an allocation that maximized success as measured by larger values of ΔM . ^{1/} Distributional goals could be handled by allocating some portion of the ΔM to each target group and then maximizing the return (ΔM) within each group.

At this time, unfortunately, it is not known in general how successful various services are in producing applicant success in the labor market. The present evaluations have not produced anywhere near a complete set of this information. The local planner can (in many cases) estimate the money necessary to create stated skill or educational changes (ΔC) with various programs with which he is familiar. That is, each applicant receiving so much increase in basic education, job skills, work experience, etc., requires some increment of program cost. This is an estimate of the way in which a given budget might be turned into corresponding applicant gains in ΔC .

^{1/} Since in practice there would be multiple success measures (i.e., ΔM would be multi-dimensional), this would still require some weighting function to determine the relative value of gains on various success measures.

The amount by which a given budget input to a given group will change their subsequent income (a ΔM) is not known. This is principally because the relationships of characteristic changes (ΔC) to success in the labor market (ΔM) have not in many cases been determined.

It is not realistic at present to expect the local planner to allocate his input by maximizing performance (ΔM) when the relationship of performance to service given is unknown. Measurement of ΔC is already necessary in planning and execution of local service delivery. The relationship of these to ΔM may be established systematically through the evaluation system proposed, if the elements of ΔM are defined now and recorded locally along with the ΔC data.

The success of interventions made in the field must also be systematically related to national goals. As discussed above, broad national goals are measured by changes in aggregate economic conditions and specific manpower goals are measured by changes in the labor market. This is an additional reason for choosing the success measures (ΔM) listed above. These measures of wages, income, and job stability can be related not only to the service delivery process but also to most of the national goals for these programs.

3. Summary

The requirements for planning and evaluation systems are clear:

- A standard set of success measures (ΔM) for the comprehensive manpower programs which are indicators of local service delivery success and can be related to broader national goals.
- Standard definitions of manpower programs interventions put forth in terms of measurable criteria (ΔC). This is no doubt the most difficult condition to fill.

The evaluation system proposed by systematically relating costs, C measures and M measures, will allow the validation or rejection of hypotheses regarding the impact of particular manpower programs on the applicants involved. The impact of these programs on other groups, on the functioning of the labor market, and on the national economy requires not evaluation but further research into the structure, functioning and dynamics of local labor markets. This research may also be necessary for proper design of programs to meet distributional goals. While the data produced by the evaluation system can provide a fertile basis for such research, it will not eliminate the need for such research.

A first priority for the DOL research program should be to develop this understanding of the structure of some of the larger local labor markets.

V. THE PRIME SPONSOR PLAN: CONTENT AND ASSESSMENT

A. Introduction

The plan prepared by the prime sponsor serves as one of the key links between the local service delivery organization and the Department of Labor. In it the prime sponsor proposes his program of comprehensive service delivery for the coming year. The DOL Regional Office must make an assessment of the service program given in the plan. The plan should be expected to provide the best single description of the program for use in evaluation, for assessing local objectives in light of the national priorities, and for comparisons of plans versus performance.

This chapter has not attempted to define in detail the plan and planning process. What has been developed are the portions of the plan that must be present as a basis for both short-term and long-term evaluation of prime sponsors' allocation, performance, and effectiveness. The recommended inclusions in the content of the plan are those necessary to adequately plan, manage, and operate the programs in any case. The emphasis of the chapter is on providing enough guidance to achieve a common format and definitional structure that can be useful to the local prime sponsor in making his plan and yet still be a suitable framework for evaluation.

The chapter begins by identifying the major steps in the prime sponsor's planning process. Next a definitional model of a comprehensive service delivery system is presented as a suggested method of describing the local program during planning, implementation and evaluation. Following a discussion of the actual allocation step - i.e., selecting services and applicant groups to be served - the recommended plan formats are illustrated and described in terms of the definitional model. The chapter closes by relating plan assessment (carried out by the Regional Office) to the recommended content of the plan.

B. Conclusions and Recommendations

In two ways, this entire chapter is a recommendation. First, both the national and local evaluations should be a consideration for preparing each local plan. Each local plan--when implemented--will then become an important element in further evaluation, both local and national. Second, the allocations to services made in the local plan represent the point where national goals and local goals must finally be aligned and agreed upon.

Plans nationwide should describe the service delivery to be performed in a common definitional system in the form containing the information most useful for planning, control, and evaluation. This information includes:

- A statement of the prime sponsor's allocation described by resources to be spent on each target group and the expected effectiveness. This allocation is supported by information on at least three criteria: the size of each target group; the social/economic need of each target group; and the estimated cost-effectiveness of the best services for helping each type of applicant.
- Descriptions of service delivery that link the services to be delivered to the types of applicants expected to use them and the jobs in which the applicants are expected to be placed. These should include projections of the effectiveness expected to be achieved.
- Time phased descriptions projecting the applicant flow in the delivery system throughout the year.
- Budgets based upon the service to be delivered and the time-phasing of that service.
- Information to demonstrate that the elements of the plan are reasonable when compared with the past experience of the prime sponsor and other prime sponsors with comparable programs.

The chapter contains some detailed descriptions of how this might be accomplished.

C. The Local Planning Sequence

Once the planning guidance has been issued by the Department, it falls to each prime sponsor to develop a plan and to the Regional Office to assess it within the overall framework of the national DOL guidance. In constructing his plan (to be submitted as a proposal to the DOL Regional Office) the prime sponsor must progress through several steps as shown on Figure 1.

His first step is to determine the types of applicants to be served, the programs most suitable for serving them, and the types of jobs to be filled, all of which are to compose his program for service delivery. This selection should include a consideration of national and regional guidance, a determination of overall need for his local area, past performance evaluation (both his own and regional and national evaluations), his information on the local job market, his projection of the local job market, and the local capabilities that may be obtained to implement his program either through coordination with other agencies or through a direct contract relationship. Essential to this planning process is adoption of a standard definitional model of service delivery, as discussed below in Section D. The local allocation process itself is discussed briefly in Section E.

Once these decisions have been made, a detailed plan should be prepared by the prime sponsor which sets out precisely how his decisions will be implemented. The plan will show the total amounts of direct service to be provided over the year and the planned accomplishments of the prime sponsor over the next year in his own local situation. In the next step of planning, as shown on Figure 1, all planning element descriptions should be turned into time-phased descriptions for the coming year. Once a timing of flow has been established, these can be cumulated to providing timing of flow of applicants throughout the year for the entire service delivery program planned by the prime sponsor.

These timed flow data are then used to determine the direct operating costs associated with stipends, staff, contractors, and supportive services. The overhead and administrative costs are added to produce a time-phased budget for the prime sponsor's entire service delivery plan. This, of course, will have to be compared with known funding targets and the process iterated to produce a program whose costs are within the funding constraints. The content of the plan crucial to evaluation is discussed in Section F.

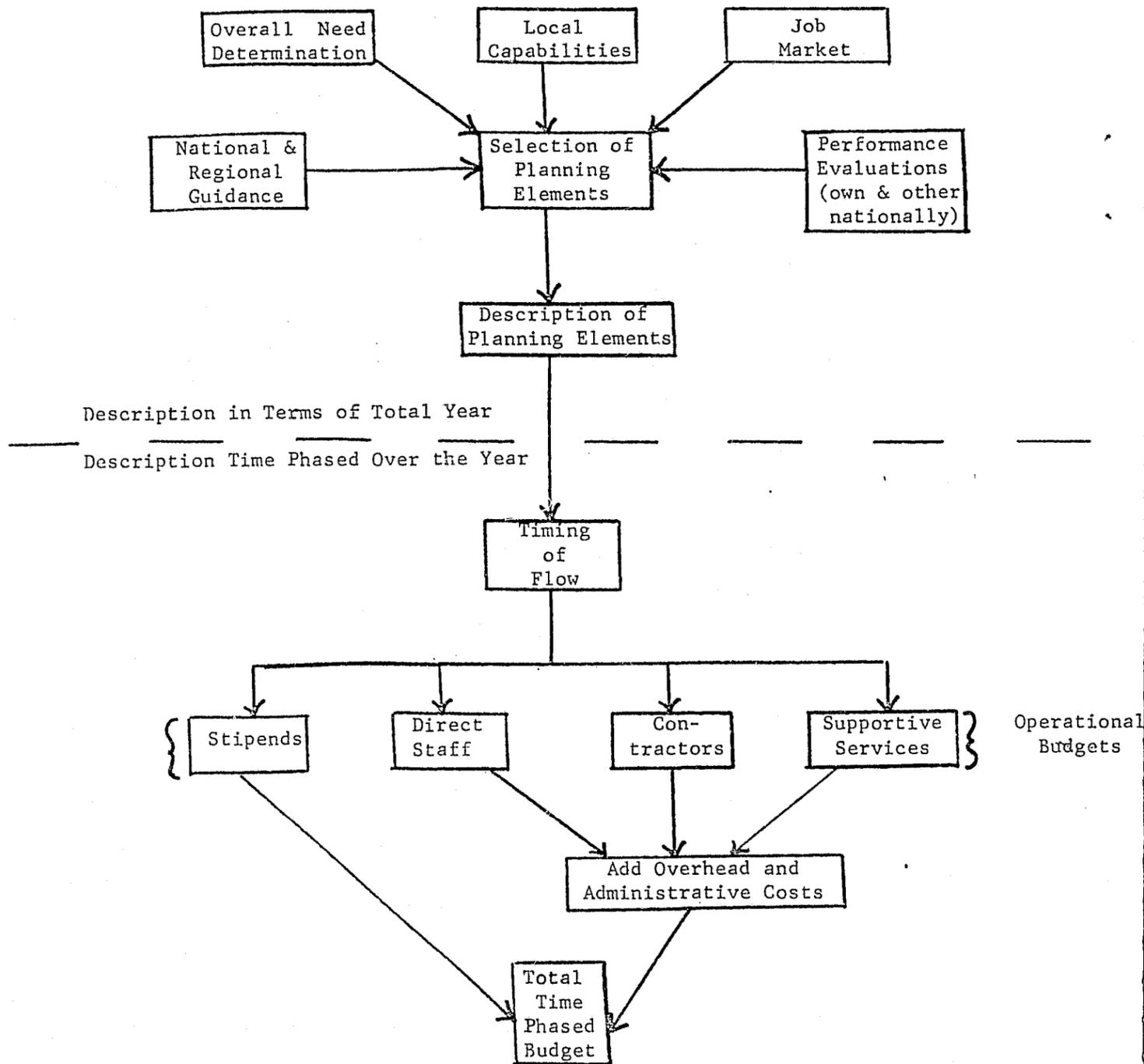


Figure 1. Overview of Steps in Making the Plan

D. Characterizing the Process of Service Delivery

The model characterization of service delivery developed in this section is similar to that presently found in WIN, CEP, the Human Resources Development program, and the Employment Service Conceptual Model approaches. MDTA, Institutional Training, OJT-JOBS, and Work Experience programs would fit into the model as components of some overall process sequence. If programs such as NYC and Public Service Employment are developed by DOL as work experience and training components, they would also fit within the model as components. When these or other programs are conducted simply for the provision of transfer payments, no extensive characterization is necessary since their goals become simply filling assigned slots and transferring funds and this can be measured directly. The model of service delivery developed is only in sufficient detail to illustrate what is meant by the terms Service Sequence, Component and Delivery of Service, as they are used throughout the report and to provide a reference point for discussions of measurement, reporting, planning, and plan assessment.

The service delivery model developed here is also used in Chapter VI to discuss the measurement and reporting that should be implemented. In that chapter, the measurements necessary to support the evaluation system are discussed and the type of reporting system to be implemented to produce these measurements is recommended.

1. Definitions of Service Delivery

The sequence of services that act upon an applicant from initial contact to final contact by the service delivery organization will be termed a Service Sequence. Any well defined portion of that sequence (i.e., a GED program, work experience program, etc.) will be termed a Component.

Figure 2 illustrates the Service Sequence concept. This figure is drawn as though both applicants and jobs were characterized by two simple dimensions. Each Service Sequence (potentially made up of several components) moves an applicant to a job. Different choices of the Service Sequence to be employed might be expected to produce different results for the applicant. For instance, the sequence at A in Figure 2 might represent a simple referral which at low cost and in short time places an applicant into a job. A more extensive Service Sequence at higher cost (as at B) might place the same applicant in a better job. A harder-to-place applicant (C) would be expected to require more effort and time to obtain the identically same job (as at B). Delivery of Service consists of choosing an appropriate Service Sequence for an applicant and ensuring that he passes through it and into a job.

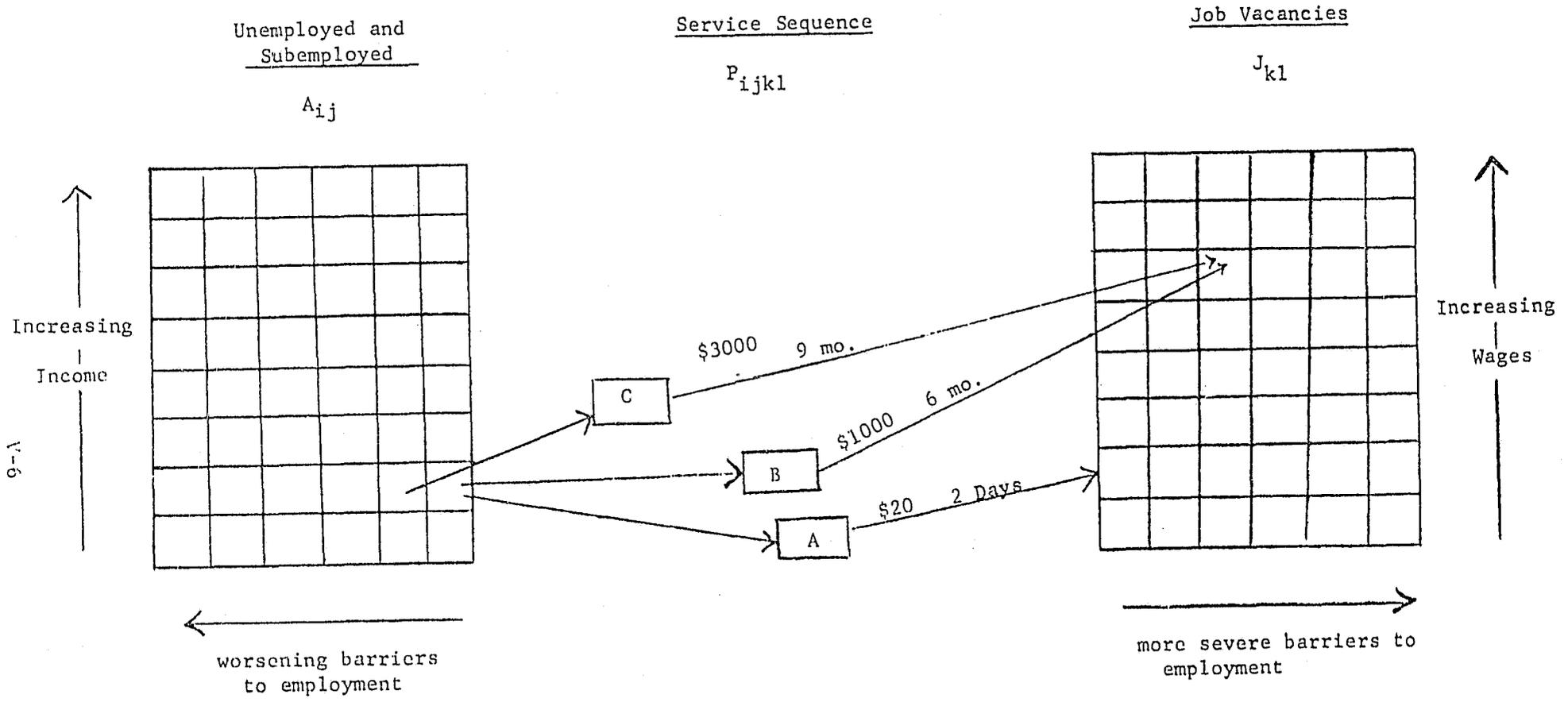


Figure 2. Delivery of Service

When constructing a plan, we will define a Planning Element as containing a description of an applicant group to be served, the entire Service Sequence to be used, and the types of jobs to be filled as a result.

In summary:

Component: A well defined portion of a service delivery program (i.e., a skill training program, a GED program, a work experience program).

Service Sequence: The entire path to be followed by a type or group of applicants from intake to placement and follow-up. Includes all the major and minor components to be used and the sequence in which they are used.

Planning Element: A Service Sequence description together with the description of the applicants to be passed through it and the types of placements to be made after completion.

These descriptions will be used throughout the material below.

2. Levels of Service

Since there is a wide variety of applicants and jobs, the Service Sequence P can be as simple as a referral and placement through a Job Bank listing or as complex as the execution of a full Employability Development Plan, including orientation, training, counseling, transportation, day care, and other services. The Employment Service has characterized this into three "levels of service," as illustrated in Figure 3. The various levels of service may draw from overlapping groups of applicants and place applicants on jobs in various portions of the vacancy population. What distinguishes each level from the other is the type of service provided.

Job Information Service is a Service Sequence providing, on a modified self-service basis, information on job leads, employment, and training opportunities. Employability Exploration provides a Sequence for those applicants who cannot cope with the placement process on a self-service basis; but who do not require the extensive development provided by comprehensive manpower programs.

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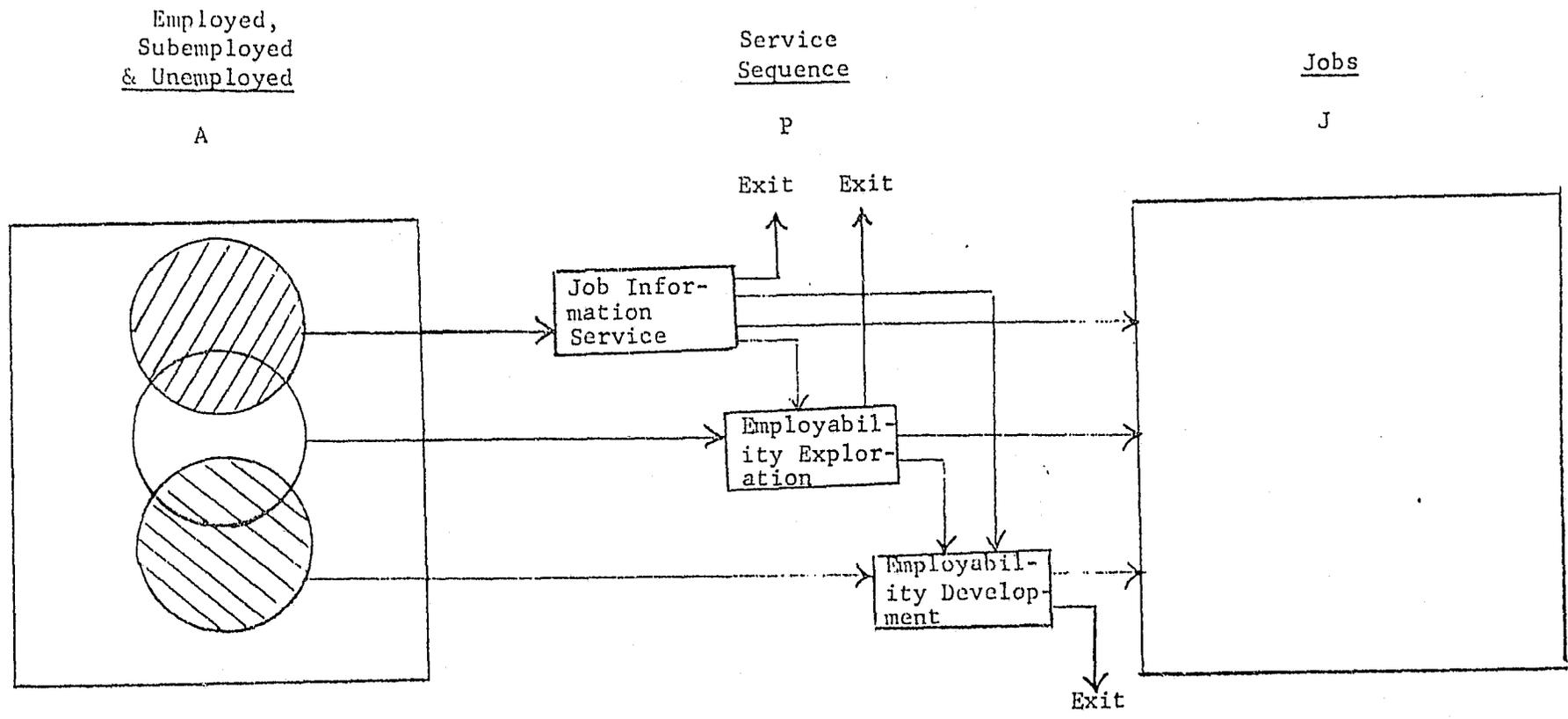


Figure 3. Levels of Service in a Comprehensive Program

Finally, the level of most intensive service, Employability Development, encompasses a broad range of work experience, training, remedial, and supportive possibilities. These services can be tailored by an Employability Development Team into an individualized Service Sequence for each applicant. This Sequence is designed to contain the proper Components and Supportive Services in the proper amounts and order to render the applicant employable, achieve his placement on a job, and monitor his success on the job for a short period. This last level of service is the focal point of much of the comprehensive manpower training legislation. Many of the activities of a prime sponsor under each of the potential legislative actions are aimed at providing this level of service. Since both the Job Information Service and Employability Exploration can be characterized as relatively simple Service Sequences, the description of service delivery developed below will be in terms of the more complicated Employability Development. A planning, reporting, and evaluation system that encompasses this level of service can include the other two as simply alternative Service Sequences.

3. Comprehensive Service Delivery Model

At present, a variety of types of manpower training and job placement efforts are in operation and may, in a comprehensive package, come under the operation of a single prime sponsor. In order to discuss data collection, information support, evaluation, decentralization, and decategorization in relation to the services actually being provided, some model of a local service delivery unit is needed as a reference. In this study, the model shown in Figure 4 will be used.

An attempt has been made to characterize service delivery from the point of view of applicant flow through the delivery unit (Figure 4). The operations performed have been characterized on the figure by blocks representing components. Each component is an effort that is definable in terms of overall cost, length of time used by each individual applicant, and the change expected in an applicant after he has passed through the component. For a particular applicant, the sequential listing of components used, time in each, and the result at each step constitutes a description of the Service Sequence employed by the delivery unit in its attempt to finally place the applicant in a job. This characterization is consistent with WIN and CEP and could also describe as components other present delivery systems.

Orientation and Assessment and Job Placement are components through which, in general, all applicants will be expected to pass. For this reason, they have been shown separately in Figure 4. All of the other components that may be selected for each individual applicant have been subsumed under the box called Individual Service Sequence.

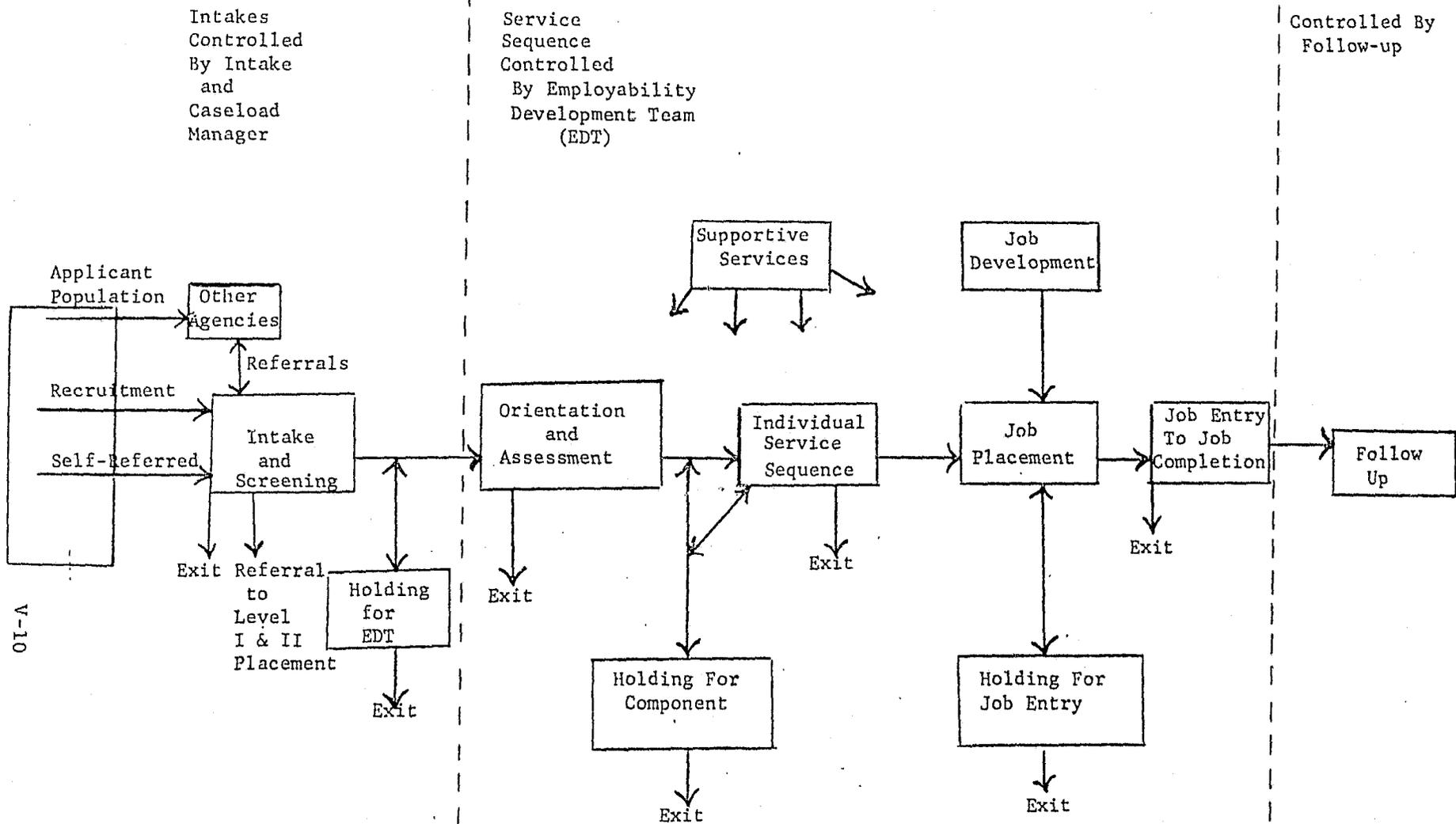


Figure 4. Comprehensive Service Delivery

Starting at the left side of Figure 4, an applicant arrives at intake as a "walk-in," through recruitment, or through referral from another agency. Here he is screened, his personal data reviewed, and any of several dispositions may be made. If the applicant needs Employability Development (ED) and positions are open in the program, he will be passed to an Employability Development Team (EDT), who will determine a suitable Service Sequence for him and assist him in completing it, obtaining a job, and completing job entry. There may be other results from this initial component: The applicant may be referred to another agency, may be referred to the Job Information Service or Employability Exploration, 1/ may be placed in holding for an upcoming vacancy with EDT, or may exit the process.

Three potential "holding" 2/ blocks have been identified in Figure 4: holding for an EDT assignment, holding for a particular component position, and holding for job entry. In each of these types of holding, we are again concerned with the time in the block, exit from the process or proper entry into next component, and the type of exit when exit is made.

Once the applicant passes under the control of an EDT, he is placed in the Service Sequence which appears most suited for taking him successfully to Job Entry and Job Entry Completion.

This Individual Service Sequence may include one of a number of components such as work experience, basic education, institutional or on-the-job training, etc., and this sequence of components will be discussed in expanded form below. There is the possibility of holding for a component (or between two components) and the possibility of exit from either holding or from a component. Each individual sequence is designed so that the final steps will be the same three: Job Placement, Job Entry to Job Entry Completion, and Follow-Up.

Job Placement within the comprehensive service delivery unit may be by a variety of means including individual or skill area Job Development, use of Job Banks, progression from OJT, etc. The result of the Job

1/ In some operations this may take place directly as a "placement from intake." In this model, for conceptual simplicity, such placement will be considered to be an alternate Service Sequence within the comprehensive service delivery unit.

2/ The status of an applicant who is waiting for a program slot, a job, or is receiving extensive supportive services and is, thus, not participating in any of the program components.

Placement process is either Job Entry, Holding for Job Entry, or Exit from Holding for Job Entry. Throughout this model, it should be emphasized that all exits from the process must be characterized by type (e.g., to a job, to an earlier stage of the process, entered service, dropped out).

The EDT is shown in this model as maintaining responsibility through Job Entry Completion, but not having responsibility for further follow-up. Alternately, some other group may have responsibility for all follow-up (including exits). This is discussed further in Chapter VII. This would not alter the sequence of process flow described.

Once Job Entry Completion (or Job Entry Exit) occurs, Follow-Up for longer term output data begins. While this is used to determine needs of applicants on their new jobs or their need to reenter ED, its primary purpose is to develop from individual data adequate cumulative output measures for use in evaluation of the Service Sequence. Such measures are discussed in Chapter IV. This step is not necessarily part of the Service Sequence but it is necessary for planning, managing and evaluating every service delivery unit.

Supportive services (such as medical treatment, transportation, day care) may be provided the applicant at different times during participation in a Service Sequence. If an attempt is made to evaluate the effects of such services, it will be necessary to identify as part of each applicant's record the particular services provided the applicant, the amount of service, and time at which (or over which) service is provided.

The Individual Service Sequence is, of course, the heart of the Employability Development concept and of comprehensive service delivery. All of the other blocks on Figure 4 have been made a part of the comprehensive service delivery model in order to increase the probability that the applicant will be made employable with more stability in a better job. The prime sponsor may include in his program a variety of present or locally initiated components.

With this general characterization of service delivery completed, the definition of a Service Sequence for purposes of planning and evaluation can be put in sharper focus. Essentially, each Service Sequence consists of the total sequence of components through which an applicant will pass while enrolled in the service delivery unit. Some components (i.e., Intake and Screening, Orientation and Assessment, Job Placement, and Job Entry to Job Completion) are expected to be common to nearly all Sequences and represent various contacts and services expected to be rendered to nearly all applicants.

Each Service Sequence will be principally characterized for evaluation, however, by the selection of components referred to on Figure 4 as Individual Service Sequence. These might be expected to include:

- Basic Education
- Remedial Education
- High School Equivalency
- Post Secondary Training
- Vocational Education
- Institutional Skill Training
- On-the-Job Skill Training
- Apprenticeship Programs
- Work Experience Programs
- Locally Originated Programs

A detailed definitional system must be prepared of these individual components for use throughout the decentralized system in both planning and evaluation. These definitions could be drawn from present DOL definitions in use in categorical programs and other descriptors such as the DOT code series. USTES is probably in the best position to accomplish this. The examples given above are not specific enough for all purposes and it is recommended below that they be expanded to include level and type of information in some simple format. Thus "Institutional Skill Training" would become, for planning, reporting, and evaluation purposes, "Institutional Skill Training: _____." The designators would indicate the type of skill and level intended to be produced by the component. The most useful long-term categories would be developed out of further experience with the definitional system in the field.

The primary intervention to be made by a particular Service Sequence would be identified by the component or components from this group of variables. Thus, one strategy might be OJT, another Remedial Education-Institutional Skill Training, or perhaps even Remedial Education-Work Experience-OJT. In this way, information for both component and Service Sequence evaluation will be produced.

Supportive Services such as medical assistance, transportation, extended counseling, and day care present special cases since they are provided on the basis of need while a Service Sequence is underway. If their effect is to be evaluated, it will be necessary to provide a record of these services with the applicant files through transaction reporting.

E. Choosing Service Sequences and Target Groups

With the definitional model of the service delivery system established, the prime sponsor's planning process can now be discussed. A major step in local planning will be the selection of the planning elements. This step raises an important issue concerning the integration of national objectives and local priorities in the local planning and plan assessment process. Simply stated, how does the prime sponsor allocate his resources among services and target groups within the framework of the national planning guidance? The discussion below focuses on the local planning process and describes how plans and national planning guidances should put forward objectives and priorities so that assessment of a prime sponsor's allocations, in light of national objectives and local needs, is possible.

1. Planning Guidances and Program Objectives

The content of planning guidances (issued by DOL to the prime sponsors) and the nature of manpower program goals and objectives have been discussed earlier. In Chapter III the planning guidance is described as setting the framework within which the prime sponsor develops his program plan. The planning guidance includes:

- The national objectives expressed in terms of (1) specific target populations and (2) measures of the applicants' post-program success in the labor market.
- Program guidance on the cost and effectiveness of alternative services in attaining the manpower objectives under varying local and national economic conditions. (This information is disseminated as it becomes available from the national DOL evaluation effort.)
- Budget allocations expected to be made available to prime sponsors.

Chapter IV describes manpower goals as involving both distributional and efficiency (cost-effectiveness) considerations. It is pointed out there that, given our limited knowledge of the operations of the labor market, (1) efficiency criteria must be stated in terms of the success of program participants in the labor market and (2) distributional criteria are reduced to assuring that those target groups held to have priority needs are directly receiving program services and benefits. Both aspects of manpower goals must be considered in local planning.

The following sub-sections discuss the prime sponsor's selection of efficient service sequences to implement and target groups to be served.

2. Service Sequences

A major resource allocation question for local prime sponsors is this: given the type of local labor market and the type of applicants to be served, what can be expected to work best in his service delivery system? The necessary information can come from two sources: the prime sponsor's own experience in service delivery and the experience of other prime sponsors in service delivery. Therefore, the prime sponsor will need the capability (1) to measure the past performance of his delivery system and its various components in serving applicants and then (2) to determine how his performance compares with other individual projects operating in similar circumstances.

The evaluation system must be designed to provide these capabilities to the prime sponsor (see Chapter VII for the complete design). The latter type of information would be supplied in the planning guidance published by DOL. This information will be highly reliable only after the evaluation system discussed in Chapter VII has been operating for at least a year and probably more. The quantity and quality of data available should improve yearly.

For local planning, Evaluation information from any source will have to be provided in sufficient detail to be useful. Evaluation information about service sequence effectiveness consists of at least five parts: (1) a precise statement of what the sequence is, (2) cost of the sequence, (3) the outputs achieved by the sequences, (4) characteristics of the applicant group for whom the sequence has been used, and (5) the labor market conditions under which the sequence has been used. The definition and description of services is presented above in Section D and a full discussion of measurement (process, effectiveness, cost) is presented in Chapter VI. The prime sponsor will also need information which allows him to relate evaluation results to his own situation--that is, the applicant groups he expects to serve and the labor market conditions he expects to operate in.

Because the effectiveness of service sequences will vary depending on which applicants are served, it is essential to know for which applicant group the effectiveness data apply. This means that, for planning purposes, some defined set of applicant groups must be used in sequence selection by the local planner. Because efficiency should be one of the criteria used in allocating funds, a set of groups should be created such that the cost and effectiveness of each sequence is similar within each group but may vary among groups. When a set of groups is chosen with this consideration in mind, it is possible to say with some degree of confidence how much efficiency will be gained or lost if funds are shifted from one applicant group to another.

Figure 5 illustrates two points. First, the average gain for a group homogeneous with respect to effectiveness may be quite different from the average gain for a randomly chosen group. Second, the variation in the gain for the former group should be considerably less than for the latter.

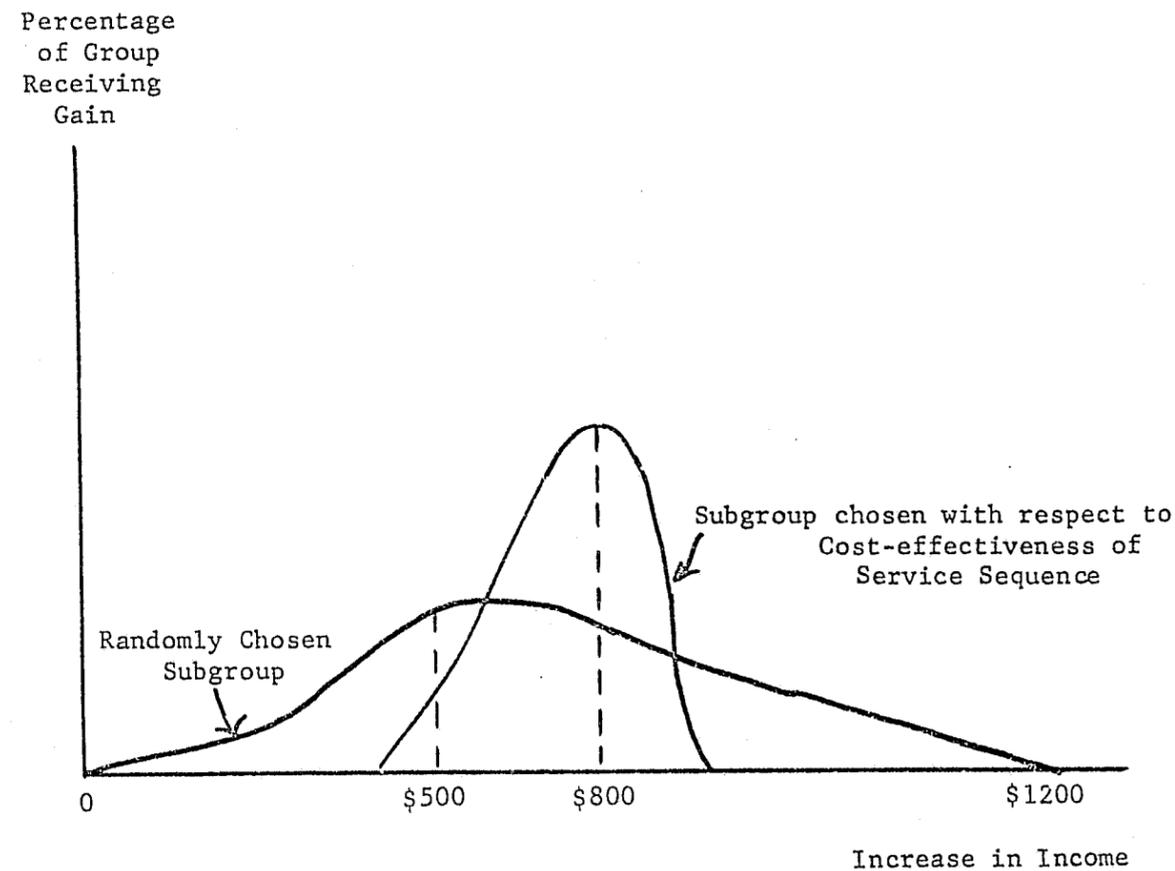


Figure 5.

Unfortunately, with the present state of knowledge, the choice of the "right" personal characteristics for grouping is very difficult. Characteristics which seem likely to be associated with the effectiveness of sequences include race, sex, age, education, and current earnings. However, there are other characteristics which may conceivably be related to effectiveness. The evaluation system recommended in Chapter VII will provide the information (over time) needed to determine the relative importance of various characteristics in explaining the effectiveness of service sequences. Until this knowledge has been developed the prime sponsor will have to rely on his past performance to categorize applicants into groups homogeneous with respect to effectiveness.

The prime sponsor will also need to know the labor market conditions under which each sequence was used and the conditions under which he expects to use it. The success (particularly the short-run success) of many Labor Department programs is likely to be very sensitive to conditions in the labor market.

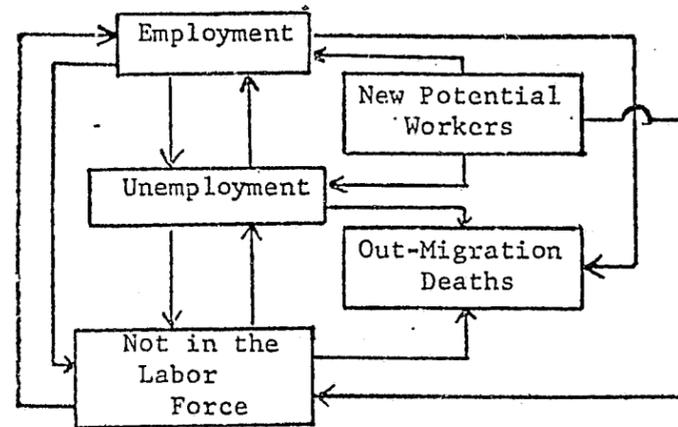
The system discussed in Chapter VI can serve as a framework for a local labor market information system. Figure 6 shows schematically the most important stocks and flows in the labor market. Each box represents a stock. Each line represents a flow from one stock to another. If a local prime sponsor has good information on the size and composition of the stocks and of the flows in Figure 6, he has a fairly complete picture of labor market conditions prevailing at that time. Information will come from such sources as local labor market data systems (maintained by the State Employment Services), his own job development efforts and his own experience and knowledge of the area. However, the prime sponsor can be expected to have a very incomplete picture of the local labor market and its operations. Furthermore, the degree to which available labor market descriptors will be able to account for variations in effectiveness among service sequences is not known.

Because of these uncertainties as to which applicant characteristics and labor market variables are associated with effectiveness it is not feasible here to model the prime sponsor's allocation process as a step by step, formal, well-defined procedure. In selecting service sequences for implementation the prime sponsor will be using evaluation information as it becomes available and his own special knowledge of the local labor market, his program and the community resources and problems. The important consideration for this chapter is that the plan must describe the results of the local planning process--that is, the prime sponsor's proposed allocation of resources.

3. Allocating Resources Among Groups

The preceding section discussed factors involved in the local planners' selection of the most effective sequence for each applicant group under the labor market conditions in his area. We now consider the problem of deciding upon the allocation of funds among target groups.

POPULATION-EMPLOYMENT ACCOUNT



JOBS ACCOUNT

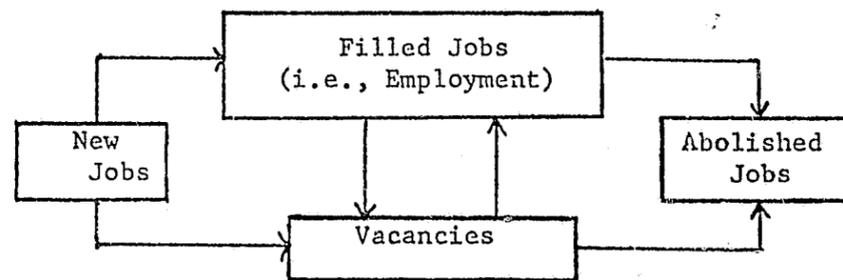


Figure 6. Major Stocks and Flows In The Labor Market

Given data about the effectiveness of sequences, the crucial missing item for allocation is information about the relative priority of serving each target group. The decision-maker must then decide upon the relative weights he wishes to attach to effectiveness of sequences on each group, on the one hand, and the need of each group, on the other. This step is crucial because in many cases, the most "efficient" allocation of resources (i.e., the allocation which maximizes some overall benefit-cost ratio) may result in groups who are experiencing the worst economic conditions (e.g., low-income, disadvantaged, etc.) receiving little or no attention since the programs may not, say, raise their wages as much as they raise the wages of more advantaged persons.

Complicating the problem of choosing between distributional (need) objectives and effectiveness objectives is the fact that national manpower policy is often defined and disseminated in terms of target group characteristics which are not expected to be associated with program effectiveness. For example "veterans" is not expected to be a good predictor of performance (whereas, "education level" or "earned income" is). If national goals are set in terms of groups which exhibit wide variation in program performance, the planner must be able to break out, for each such target group, subpopulations defined by suitable applicant characteristics associated with effectiveness.

Appendix 3 provides a mathematical example which avoids this group definition problem by assuming the descriptors of need also predict performance. The purpose of the example is to illustrate the allocation problem which arises when one has to trade off or set priorities among conflicting distributional and effectiveness objectives. It shows how a local allocation of resources might be made based upon the relative size of various groups, the effectiveness of sequences on the different groups, and relative economic need. A discussion is given there of the weight to be given each of these factors in determining the allocation of resources. At least three points need to be made.

First, specifying the weight to be given various factors used in allocating (such as size of needy groups, relative need, effectiveness and efficiency) is one of the most straightforward ways for DOL to retain some control over the distribution of services. Second, using multiple factors in allocation allows a low weighting to be placed on effectiveness and efficiency now--when the information is relatively poor--and an increased emphasis to be placed on effectiveness later--when it has been more accurately measured. This is done simply by adjusting the relative weight it is given in the allocation formula.

Finally, when allocation is made on multiple factors, the weight given to each factor will always be somewhat arbitrary. Making this weighting as explicit as possible can give everyone the same basis of discussion in examining local allocations of effort.

4. Integration of National Goals and
Local Priorities: Plan Summaries

The plan format must be designed to allow description of the prime sponsor's recommended allocation of resources. The plan must allow comparison of the local allocation with national objectives set forth in the DOL planning guidance.

As discussed in the next section, the prime sponsor's plan will be built around descriptions of all the particular planning elements to be used. Summaries covering any number of factors can be made from this plan format (Figure 7) by summing across all planning elements. In assessing plan's compliance with national goals and priorities, the Regional Office will rely, in part, on plan summaries describing services, project resources, and expected benefits (effectiveness) accruing to target groups.

F. Making the Plan

Once the broad decisions about allocation among target groups and service sequence have been resolved by the prime sponsor, it is necessary to make up a plan of service designed to meet his objectives.

1. Describing the Planning Elements of Service Delivery

This section will concentrate on a description of the Planning Elements of the Service Delivery Process as they might be prepared in the local plan for submission to the DOL Regional Office by the prime sponsor. The Applicant Group selected, the types of Jobs into which they will be placed, and the particular Service Sequence for achieving this constitute a particular Planning Element of Service. The prime sponsor's plan will be built around descriptions of all of the particular planning elements to be used. Since there will be a wide variance in understanding, planning skills, and local needs in the various prime sponsor organizations, an individual plan might be keyed to the Service Sequences and Components to be operated, to the Applicant Groups to be served, or to the types of Jobs to be filled. Alternately, DOL might select one of the three as a standard format.

Regardless of whether Applicants, Service Sequences, or Jobs are chosen to key the description, the related information on the other two must be provided. Ordering by Applicant Groups seems to provide a simpler ordering of the plan for most uses and would be recommended. A Service Delivery Planning Element description is not complete unless matching sets of Applicants, Service Sequences, and types of Jobs are provided for all of the activity proposed.

The outline of a format for describing in detail all of the particular planning elements of Service Delivery proposed to be funded by DOL is shown in Figure 7. The same format and description could be used to describe the strategies keyed to either Applicant, Service Sequence, or Job. Each particular combination must be described. The illustration shown is keyed to Applicant Group.

For each "Applicant Group," the plan, as illustrated, shows the "Jobs to be Filled" upon completion, the "Service Sequences" which members of the group will pass through, and "Job Development" which identifies the source of those target jobs. Each column on Figure 7 is described here in detail.

Applicant Group	Jobs to be Filled	Service Sequences	Job Development
<p><u>Group 1:</u></p> <p>Narrative Description:</p> <p>Number in Group:</p> <p>Number to be Served:</p> <p>Description of Job Related Characteristics of Applicants (C_A)</p> <p>Effectiveness Measure Description (M_A):</p> <p>Last Wage (Range & Avg.):</p> <p>Last Income (Range & Avg.):</p> <p>Months Unemployed Last Year (Range & Avg.):</p>	<p><u>Job Type 1 for Group 1:</u></p> <p>Narrative Description:</p> <p>Number Available Now:</p> <p>Description of Characteristics of Jobs (C_J)</p> <p>Effectiveness Measure Description (M_J):</p> <p>Starting Wage:</p> <p>Expected Income:</p> <p>Expected Duration:</p> <p><u>Job 2 for Group 1:</u></p> <p>.</p> <p>.</p> <p>.</p>	<p><u>P for A_1, J_1:</u></p> <p>Narrative Description:</p> <p>Change in applicant characteristics to be provided by Service Sequence ($C_J - C_A = \Delta C$):</p> <p>Components Needed:</p> <ol style="list-style-type: none"> Type, Title, Length, stipend, etc. <p>Name of Responsible Contractors</p> <p>See Tab P_{1x} for Supportive Services</p> <p><u>P_2 for A_1, J_2:</u></p> <p>...</p>	<p><u>For J_1, A_1:</u></p> <p>Narrative;</p> <p>(Include amounts & portions of ΔC that can be handled by working with employers to make C_J more reasonable in terms of work to be performed.)</p> <p>For $P_{A_1 J_1}$ to succeed:</p> <p>_____ No. Jobs to be Developed</p> <p>_____ No. Jobs to have C_J Reduced</p> <p>For $P_{A_1 J_2}$ to Succeed:</p> <p>_____ etc.</p> <p>_____ etc.</p>
<p>Group Summary: (F) _____ Served of _____ Available</p> <p>Avg. Entry M_A _____</p> <p>Range Entry M_A _____</p>	<p>(A) _____ Jobs Available now to be filled from Group 1.</p> <p>Avg. M_J _____, Range of M_J _____</p>	<p>Number from Group 1 in Sequence 1:</p> <p>Number from Group 1 in Sequence 2:</p> <p>Expected Avg. $\Delta M (M_J - M_A)$:</p> <p>Expected Range of ΔM:</p>	<p>$P_{A_1 J_1}$: (B) _____ No. Developed</p> <p>(C) _____ No. C_J Reduced</p> <p>$P_{A_1 J_2}$: (D) _____ No. Developed</p> <p>(E) _____ No. C_J Reduced</p>
<p><u>Group 2:</u></p> <p>...</p>	<p>...</p>	<p>...</p>	<p>...</p>

V-22

Note: $F = A+B+C+D+E$

Figure 7. Description of Planning Elements
(Keyed to Applicant Groups)

The Applicant Group descriptions should ideally define groups as nearly homogeneous as possible with respect to the effects of the Service Sequence through which they pass, in order to provide the most effective uses of different types of training programs. For the plan, these groups might be constructed using variables such as ethnic group, sex, age, education, previous income, family income, welfare dependency, all of which might relate more directly to training effectiveness. Even where Congress continues to specify distributional goals in broad categories such as "veterans" or "persons on welfare," it will be better to rely on summaries across the plan to ensure that these goals are met. This is because groups such as persons on welfare are not defined in sufficient detail for selecting appropriate Service Sequences. The proper Service Sequences for either veterans or persons on welfare, for example, would probably be selected while considering them as members of some smaller group defined by age, education, etc. Cross plan summaries would be made to ensure that enough veterans or persons on welfare were included to meet distributional goals. Such criteria may show up as an additional intake priority on a particular target group.

For each Applicant Group, a narrative description should be given explaining why that Applicant Group has been selected for service and what distinguishes it as a cohesive group. This narrative Applicant Group description should include the distinguishing values of race, age, education, location, sex, family income, dependency, etc., where these variables are applicable in defining the group. The Applicant Group description includes the number in the group, the number expected to be served from the group, and a description of the job-related characteristics which distinguish this particular group and need to be modified in order to make members of the group more employable. This description will include both the average level of characteristics expected to be observed and the range. Also included in the Applicant Group description as both averages and range would be last wage, last income, and a description of other outside measure characteristics /the expected starting values of the effectiveness measures (M measures) defined in Chapter IV/.

While the examples shown here are for training components (the most complicated case), the same format would be used for any other component. NYC, for instance, could be fitted into this format either as a transfer payment or as a work experience program. The measures used in the Applicant and Jobs columns may change and, of course, the component description is simpler. In NYC, for example, there generally would be no entry wage, follow-up would be done on all dropouts or completions and should include whether or not the applicant remained in school--even for a transfer payment form of NYC. Where NYC is used as a work experience component, the trainee will eventually leave and generate follow-up data on the success measures: wage, income, and job stability.

Members of the Applicant Group may be expected to be placed in a variety of jobs. Since this description is keyed to the Applicant Group, each type of job for Group 1 will be described sequentially in the column

titled "Jobs to be Filled." The job descriptions may be expected to be fairly general and each job type will contain a narrative description of the type of job, the number of jobs presently available, the C_J (description of characteristics which typify this job), the starting wage, expected income, and outside measure data which might be expected to pertain to this job (M_J). A similar description will be entered for each type in which applicants from Group 1 might be expected to be placed as a result of passing through the Service Sequences.

Each individual Service Sequence will be described in the column with that heading. The first sequence to be described will be that necessary or believed to be adequate for taking Applicants from Group 1 and making them employable on Job 1. This description will begin with a narrative. The narrative will be followed by description of the total change necessary in characteristics ($\Delta C = C_J - C_A$), since these changes are to be provided by the Service Sequence. Next, a description of each of the components that will be needed to include type, title, length, stipend, and other information. Each component needed will be described with similar information. Each component description should include the name of the subcontractor responsible. Next the sequence used will be described by ordering components described above in the sequence that they are expected to be used by the Applicants. Sequences may be composed of one, two or more components. Where two or more types of jobs have been listed as a target for members of this Applicant group, a description will be entered of the Service Sequence or Sequences expected to be used for taking Applicants A_1 to the Job J_2 for Applicants A_1 . Since Components and Service Sequences will be numbered consecutively, it will not be necessary to repeat the entire description if a Component or Sequence appears more than once.

Whenever supportive services are expected to be necessary in a particular Service Sequence, this will be noted in this column as a reference to a tab and a tab prepared for inclusion in the overall planning package detailing supportive services necessary for this particular sequence.

Job Development deals with two different kinds of processes. The Job Developers may find new jobs or vacancies of the type of which the people are being trained and/or may attempt to reduce the requirements for known jobs so that the people being trained can be placed in those jobs with more reasonable requirements.

The Service Sequence description gave the total ΔC (change in job related characteristics) needed to place applicants from the group on the job described. In practice, some portion of this ΔC may be provided by the Service Sequence and some part by negotiating with employers to make the characteristics required for the job (C_J) more reasonable in terms of the actual work to be performed. For each combination of Job and Applicant, the Job Development column will, therefore, contain a narrative describing how this will be done. Also, for each combination, the number of jobs which must be developed and the number of jobs for which

the worker characteristic descriptions must be reduced must be given. These jobs must be characterized so that it is clear that Applicants proceeding through the defined Service Sequence can be expected to be placed.

At the end of each Applicant Group description, there will be a group summary (before the description of the next Applicant Group). The Applicant Group would be summarized as the number served out of the number available, the average entry M_A , and the range expected in the entry M_A . Jobs to be Filled would be summarized by showing the number of jobs known to be presently available to be filled from Group 1. It would also include the average M_J for the jobs described.

The Service Sequence Summary contains the percentage of the total Applicants from this group expected to be carried through each sequence described and the expected results (success measures). The Job Development Summary will give the number of jobs to be developed and the number of jobs which are expected to have their C_J altered.

The description which we have just traced through would complete the Planning Element description for the first Applicant Group defined. Subsequent Applicant Groups would then be described in a similar manner.

Figure 8 shows a similar plan format ordered by Service Sequence. While this plan format has some advantages for evaluators of plans, it is likely to be more confusing (in notation, especially) during planning since the planner must keep track of multiple groups passing through a single sequence into a multiplicity of jobs. The same complexity is needed in either plan. However, Applicant Group to Service Sequence to Type of Job provides the same information in an order more likely to be compatible with the local planners' information and development of the plan. While the completed plan may be longer and more repetitious, the planner (oriented by Applicant Groups) does not have to make special efforts to keep track of what portion of multiple groups using the same sequence pass into different types of jobs. Using Figure 7, this information is easily summarized from the completed plan. If Service Sequences and Job Types are numbered sequentially throughout the plan, it will be unnecessary to repeat the description of Service Sequence and Job Type each time one recurs. The simplicity of plan preparation using Figure 7 probably outweighs the fact that the last two columns may become repetitious.

2. Plan Summaries for Structuring Evaluation Studies

This basic description of the services to be delivered (Figure 7) contains information that can be used to prepare a variety of management and evaluation summaries. One type of summary is discussed above in Section E. Another major use, structuring evaluation studies, is discussed here and in Chapter VII (page 21).

For structuring evaluation studies, a sufficient summary might be produced by tabulating (planning element by planning element) the Applicant Group to be served, the Service Sequence Components, the estimated changes in job related characteristics and effectiveness measures, and

Service Sequences	Applicant Group	Jobs to be Filled	Job Development
<p>Service Sequence 1 (P_1):</p> <p>Narrative Description:</p> <p>Change in applicant characteristics to be provided by Service Sequence ($C_J - C_A = \Delta C$):</p> <p>Components Needed:</p> <ol style="list-style-type: none"> 1. Type, Title, Length, stipend, etc. 2. ... 3. ... <p>Name of Responsible Contractors</p> <p>V-26 See Tab P_{1x} for Supportive Services</p>	<p><u>Applicant Group 1 Served by Service Sequence 1:</u></p> <p>Narrative Description:</p> <p>Number in Group:</p> <p>Number to be Served by P_1:</p> <p>Description of Job Related Characteristics of Applicants (C_A)</p> <p>Effectiveness Measure Description (M_A):</p> <p>Last Wage (Range & Avg.):</p> <p>Last Income (Range & Avg.):</p> <p>Months Unemployed Last Year (Range & Avg.):</p> <p><u>Group 2 Served by Service Sequence 1:</u></p> <p>...</p>	<p><u>Job Type 1 for Sequence 1:</u></p> <p>Narrative Description:</p> <p>Number Available Now:</p> <p>Description of Characteristics of Jobs (C_J)</p> <p>Effectiveness Measure Description (M_J):</p> <p>Starting Wage: .</p> <p>Expected Income:</p> <p>Expected Duration:</p> <p><u>Job 2 for Sequence 1:</u></p> <p>.</p> <p>.</p> <p>.</p>	<p><u>For P_1, J_1:</u></p> <p>Narrative;</p> <p>(Include amounts & portions of ΔC that can be handled by working with employers to make C_J more reasonable in terms of work to be performed.)</p> <p><u>For P_1/J_1 to succeed:</u></p> <p>_____ No. Jobs to be Developed</p> <p>_____ No. Jobs to have C_J Reduced</p> <p><u>For P_1/J_2 to Succeed:</u></p> <p>_____ etc.</p> <p>_____ etc.</p> <p>....</p>
<p>(F) _____ Total Numbers to be served by this sequence.</p> <p>Expected Avg. M ($M_J - M_A$):</p> <p>Expected Range of M:</p>	<p>Number from Group 1 served by P_1:</p> <p>Number from Group 2 served by P_1:</p> <p>Avg. Entry M_A _____.</p> <p>Range Entry M_A _____.</p> <p>...</p>	<p>(A) _____ Jobs Available now to be filled from Service Sequence 1.</p> <p>Avg. M_J _____, Range of M_J _____</p> <p>...</p>	<p>P_1/J_1: (B) _____ No. Developed</p> <p>(C) _____ No. C_J Reduced</p> <p>P_1/J_2: (D) _____ No. Developed</p> <p>(E) _____ No. C_J Reduced</p> <p>...</p>
<p>Service Sequence 2:</p> <p>...</p>	<p>...</p>	<p>...</p>	<p>...</p>

Note: $F = A+B+C+D+E$

Figure 8. Description of Planning Elements (Keyed to Service Sequence)

the cost. This would allow samples to be selected across any desired population or groups of services, applicants, or sponsors. Plan summaries and their use in evaluation design are discussed in Chapter VII.

Summaries sometimes have a facility for obscuring important information. For this reason, we would recommend an alternate method of using this data. Since a complete collection of the planning element descriptions themselves (not the total plans) constitute a summary with narrative of planned service delivery, both the regional and national offices should consider designing collections of planning element descriptions. For instance, a search for comparable Applicant Group-Service Sequence combinations among prime sponsors would require a search through all columns one and three of all Figure 7 type descriptions from the field. This would have the advantage of drawing the selections from a context containing both numbers and narrative. This context may be useful in resolving different interpretations of definitions and thus ensuring that the summaries are as meaningful as possible. The collected planning elements should be quite compact compared with some collections purported to be useful at present (i.e., the universe of Plans of Service or the universe of all CAMPS plans). The present CAMPS summaries contain at least one format (Optional Format 3 1/ - Figure 9) that begins to approximate an Applicant Group oriented description. However, as presently used, the Plan of Service summaries and CAMPS do not describe evaluable program elements in direct relation to applicants and jobs (as Figure 7 does).

3. Timing of Flow

The next step in the preparation of a prime sponsor is to convert the process described above into a predicted time flow (Figure 10) through the Service Delivery Unit described, working the predicted flows up planning element by planning element. Since the example above was keyed to Applicant Groups, the timing example will be done by Applicant Group. In Figure 10 the flow measurements that must be estimated at each stage of service delivery for each planning element are shown as a series of tables.

At least two factors must be kept in mind in estimating the flows for the plan. In order to do this at all, the planner must clearly distinguish which Service Sequences represent batch flows and which continuous flows. For example, many OJT programs could have applicants entering and leaving in small numbers at irregular intervals and could be planned to represent continuous flows. An institutional skill course, however, is likely to handle only a specified size group entered and graduated on a fixed schedule. It is therefore a batch process and must be scheduled as such.

1/ Interagency Cooperative Issuance No. 71-2, May 25, 1970.

OPTIONAL FORMAT 3

(For optional use by the Area CAMPS Committee)

PLANNED SERVICES FOR TARGET GROUPS, FY 1971

Area: _____
 State: _____

Program or Source of Funds (a)	Name of Agency (b)	Enrollment Oppor- tunities or Per- sons Served (c)	Cost of Services (d)	Timing and Duration (e)	Type of Services to be Provided (f)
I. Unemployed Teenage Dropouts. (Total in area = 1,000; total to receive services - 500.)					
A. NYC-In-School B. NYC-Summer C. MDTA Institu- tional Etc.		200 100 100	\$100,000 etc.	Sept. '70 to May '71	Part-time employment
II. Unemployed Older Workers. (Total in area = 400; total to receive services = 100.)					
Etc.					
III. Etc. (Total in area = ____; total to receive services = ____.)					
Etc.					

Date prepared: _____

INSTRUCTIONS FOR FILLING OUT COLUMNS (Refer to Section V-B of ICI 71-2):

List as line titles the target groups and sub-groups, show estimates of the total target group and number likely to be served.

Col. (a) Refer to Format 2 for list of programs applicable to the target group involved.

Col. (b) Name of the agency responsible for administering the service.

Col. (c) Show number of persons to receive the services. Because some persons may receive more than one type of service, the total of persons served can exceed the total number of persons in the target group.

Col. (d) Cost of serving persons shown in col. (c), including Federal and other funds.

Col. (e) Show when services will begin and weeks of duration.

Col. (f) Where training is to be provided, specify the occupations, or occupational groups, and number of trainees in each.

Figure 9.

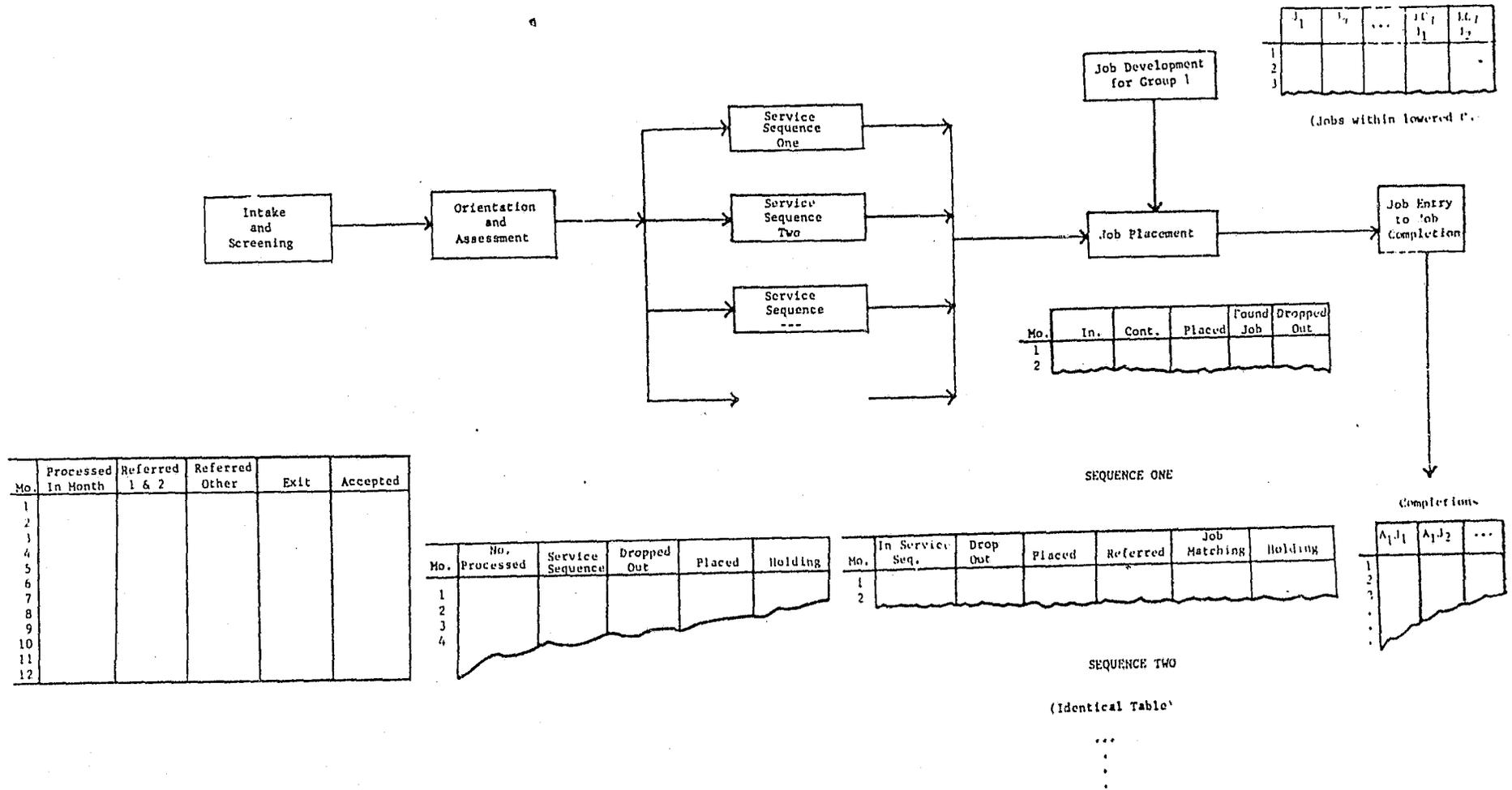


Figure 10. Timing the Flow of an Applicant Group

The second factor (at least for the first one-year plan) is that prime sponsors will be taking over on-going programs. Their proposal will form the basis of a contract with DOL and so must reflect the activity for which they will be held responsible. This may require the preparation of Timing of Flow charts for the completion or continuance of on-going activities. Any that are not being phased out must, of course, be described as continuing program elements.

The factors required are, in most cases, those that are needed in any case for rational management of manpower training at the local level. Many can be extrapolated from past experience.

On a month to month basis, the number processed in intake (Figure 10) will be shown along with the expected dispositions. For Orientation and Assessment, the projections show the number of applicants processed each month. These are then broken out by the number expected to be entered in a Service Sequence, dropouts, placements, or entered into holding. Each Process Sequence must then be projected month by month to at least the number in the Service Sequence, dropouts, placements, referrals, out to Job Matching, and those in holding.

Job Development will produce projections of the months in which the jobs (by type) or the jobs with reduced C_j (by type) will be produced. The cumulative numbers of these have already been prepared in Figure 5. Job Placement will project the number of applicants arriving through the process for placement each month, how many will continue unplaced, be placed each month, find jobs on their own, or dropout. Finally, Job Entry and Job Entry Completions are projected.

This minimal set of numbers projected over time reveal most of the implicit assumptions about how the planned elements of service delivery for Applicant Group 1 will function as a process. Cumulations of all of these for all groups into a cumulative timing of flow table (using a similar format) describes the expectation of the results in total process flow terms.

4. Content of the Overall Plan

Not all portions of the prime sponsor's plan have been defined in the discussions above. Figure 11 illustrates the elements described and some of the other sections which must be included. /The proposal should include the prime sponsor's estimate of the total needy population in his local area and his rationale for selection of the applicant groups to be served. It must also include the Service Sequence descriptions for which a detailed format was proposed above, followed by the formatted timing of applicant flow./

The plan should include the prime sponsor's subcontractor agreements, including the performance measures to be collected by the prime sponsor from his subcontractors and past performance data on these subcontractors.

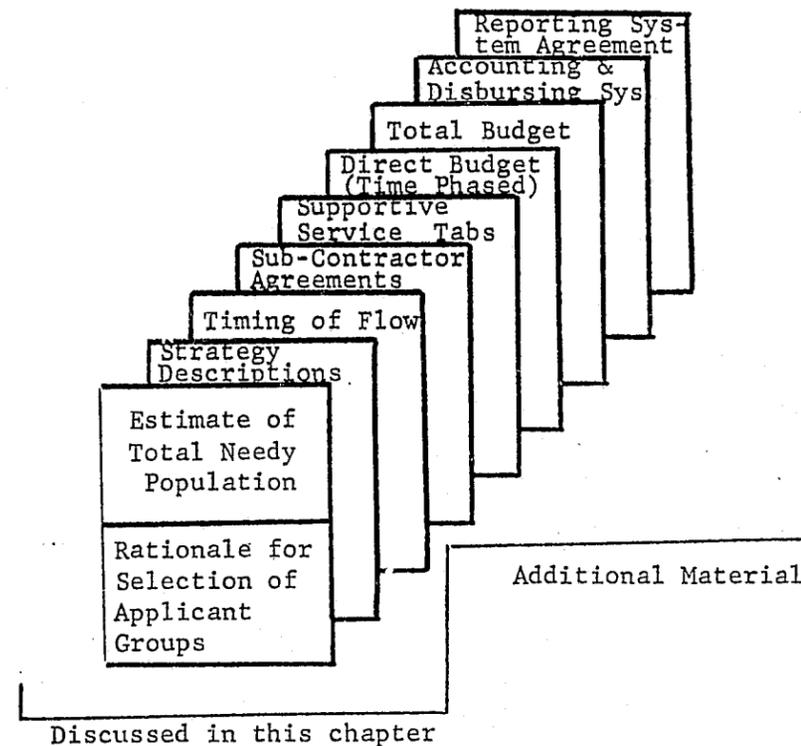


Figure 11. Content of Prime Sponsor Plan (to be included in contract)

Next, the supportive service tabs which are linked to the strategy descriptions must deal with three kinds of supportive services. First, there are supportive services which will be provided by the prime sponsor organization. Secondly, there are supportive services for which he will contract with other organizations. Finally, there may be many supportive services in his local community which are already provided by other organizations and for which he can arrange simply by coordination. Arrangements of this kind in the supportive services tabs will resemble agreements previously arrived at through CAMPS planning.

Third, the plan should include as separate breakouts the time-phased direct budget and the time-phased total budget. This allows overhead expenses and administrative expenses to be differentiated from other kinds of direct program cost. These budgets should be followed by an outline of the accounting and disbursing system to be used to ensure that it meets Federal accounting standards and that it allows recovery of cost data to the Service Sequence level. Cost/benefit analysis may be of little utility initially because of the lack of sound benefit data. If such analysis is ever to be performed, however, some system of recovery of costs to the planning element level will also be necessary. If costs are recovered only as gross allocations divided among programs by some rule of thumb at the local level, then conducting cost/benefit studies would be ill-advised. At the very least, it should be possible to determine direct payments and direct operating cost to the planning element level and keep these costs separate from overhead and administrative costs.

Finally, each prime sponsor proposal should include a reporting system agreement showing his agreement to operate the standardized manpower reporting system as part of his program and his intention to use it to produce the basis for both performance evaluation and his own monitoring. This might also specify the necessary outputs from the reporting system (for a discussion of reporting, see Chapter VI) which he will need for his own monitoring and management purposes and how they are to be obtained.

G. Plan Assessment

Implementing the concept of a decentralized manpower training program operated by a prime sponsor is an experiment in allowing responsible local officials to develop the programs best suited to achieving broad national goals in their local areas. As was discussed in other sections of this report, measurement of "success" in this experiment depends both upon the definition of "success" and implementation of a well planned and designed monitoring and evaluation system at all levels.

Since the programs are to be planned and developed locally, both concrete definition of goals and implementation of evaluable programs depend heavily upon proper construction and assessment of the prime sponsor's plan. Some portions of that plan which must be developed in detail were treated above. In this section, some important questions to be considered during the assessment of the plan are discussed. Some of these questions cannot be considered adequately until the evaluation system is implemented. Detailed treatment of how evaluation is to be used in assessment is covered in Chapter VII.

Each of the nine elements of the plan shown in Figure 11 can be assessed from the standpoint of simple compliance with the planning instructions. Some can also be assessed as to whether they are accurate, feasible, or effective when performance evaluation information and other data are considered. As the evaluation system operates over time, both short-term and more detailed performance evaluations will become available for use in judgments on proposed actions.

In the initial assessments, however, the regional officials will be forced to judge on the basis of past performance of categorical programs and components; CAMPS, Annual Manpower Planning Report, and Plan of Service data; and their own past field evaluations and experience. Some compliance, accuracy, and feasibility assessment criteria are outlined below for the plan elements suggested in Figure 11. Those supported directly by some portion of the evaluation system recommended have been underlined in the text.

1. Estimate of Total Needy Population

a. Compliance:

Has an estimate been prepared along the format of the planning guidance?

b. Accuracy:

How does it compare with census extrapolations and numbers used by DOL in allocation decisions? If local sources are used and/or deviations exist, what is the explanation for these deviations?

2. Rationale for Selection of Applicant Groups

a. Compliance:

Has a rationale been presented for both the selection of and size of each applicant group to be served?

b. Integration with National Priorities:

Is the selection congruent with national guidance and priorities?

c. Accuracy:

Is the selection in consonance with the need data outlined above? Has the selection been determined simply by the selection of jobs available and Service Sequences to be operated?

3. Planning Element Descriptions

a. Compliance:

(It is here that compliance is especially important to the evaluation system since orderly monitoring and evaluation depend on a well-defined group of Service Sequences. Conversely, the information needed in this planning must be derived from the evaluation system.) Have the planning element descriptions been presented as described in Section F? Are they internally consistent?

b. Feasibility and Effectiveness:

Is the change in characteristics reasonable for the Service Sequence selected? Do the C_A and C_J described match the applicants and jobs described? Are the appropriate jobs available? Is the job development description sound? (Is there a matching subcontract for this work including timing, number of jobs by type, indicating past experience of the subcontractor?) What do past performance evaluations indicate (both this contractor's and others) about the effectiveness of the sequences selected? A more detailed discussion of the development of effectiveness information is given in Chapter VII. It is in this portion of the plan that evaluation results have their greatest impact, both in planning and in plan assessment.

4. Timing of Flow

a. Compliance:

Has each planning element been time-phased in a consistent manner? Is the summary time-phasing consistent with the individual time-phasing?

b. Feasibility and Effectiveness:

Can the sponsor operate time-phasing as shown? Have his past predictions broken down at specific points in the process? Are there irregular peak loadings that are not explained elsewhere in the plan? How do projected values of measures and process flow indicators compare with other similar projects and with past performance on his own projections? A more detailed discussion of this process is contained in Chapter VII.

5. Subcontractor Agreements

a. Compliance:

Are signed subcontractor agreements included for all subcontractors? Do these clearly spell out the division of responsibilities and authority; applicant loading over time; specific services contracted for; measures of success; reporting, monitoring and evaluation procedures, methods?

b. Feasibility and Effectiveness:

How has the subcontractor performed on previous subcontracts or other programs of this type? Are payments tied to performance where applicable?

6. Supportive Services

a. Compliance:

Have the supportive services necessary to accomplish the Service Sequences been described in each case? Does the plan clearly state who will perform them, in what quantities, the time phasing of delivery and at what cost? Are signed agreements included?

b. Accuracy:

Does the provision of supportive services reflect known capabilities in the area (as shown in past CAMPS planning, for instance)?

c. Feasibility and Effectiveness:

Has past performance of these services by these sources been satisfactory? How do effectiveness and sources compare with those of other similar prime sponsors? Has plan taken advantage of services now provided by other agencies and available to applicants by coordinating agreements? Has evaluation shown these program/supportive service combinations to be effective?

7. Direct Budget and Total Budget

a. Compliance:

Have budgets been constructed from the time-phased flow loadings and sequence descriptions? Have all elements of plan been costed and included?

b. Efficiency:

What percentage of costs are direct payment to applicant, direct operating costs for applicant components, administrative and overhead? What are the dollar/applicant entered, dollar/applicant to job matching, and dollar/applicant job entry completion ratios for each sequence planned? How does this compare with past experience and other programs with similar conditions? A more detailed discussion of this evaluation information is contained in Chapter VII.

8. Accounting and Disbursing System

Description of this section is beyond the scope of this study. The system must meet Federal standards and those of DOL, of course. Of primary importance for evaluation, however, it must enable recovery of cost data along the Service Sequences described in the planning element of the plan. Since these financial systems will be set up by each prime sponsor at initiation of these programs, now is the time to achieve this. At present, many attempts to recover this cost data by sequence simply reveals the local cost man's nimbleness at figures. There will always be unallocable costs in a prime sponsor's program. However, if an effort is made at this point in time to start-up these systems with an aim of recovering cost data by Service Sequence, it might be possible. It will never be possible retrospectively in a satisfactory manner.

9. Reporting System

a. Compliance:

Has prime sponsor agreed to implement and support the DOL standard reporting system? Does he understand that this includes the applicant, process flow, C and M data by which his performance will be evaluated? Has a specific budget been included for reporting and for 3-month follow-up? Have levels of deviation been set which will trigger his own internal evaluations of problems? Does this section include the required response times for processing reported data so that he will be able to use it for his own monitoring and self-evaluation?

b. Accuracy:

What is past performance record in this area? Do regional field evaluations indicate accuracy in reporting? How do costs and performance compare with those of other prime sponsors? Have his past self-evaluation results dealt with problems noted by the regions through other means? Do prime sponsors use the reporting system forms and information for internal operation and operational monitoring?

Making the Formal Plan Assessment

The formal plan assessment will be based on the plan document itself, field evaluation by the RMA's own personnel, past performance evaluation from the evaluation system, and the national guidance. It might eventually be possible to work the plan assessment system into a scale which produced ordinal (or even cardinal) numbers. However, there seems no clear basis for the weightings to be assigned at present.

Perhaps a sounder procedure would be to rephrase the above questions as a checklist with a space for narrative after each question. While relative weightings on the questions are superficial, it would be possible to select several of the questions for which satisfactory answers are mandatory for refunding.

The evaluation system recommended is designed to support plan assessment with detailed evaluation of both the individual prime sponsor's past performance and the performance of others on comparable tasks. Detailed discussion of this support is given in Chapters VII and VIII.

VI. PROGRAM REPORTING SYSTEM

A. Introduction

The material above has treated the question of what measures should be used in evaluating success in service delivery and how service delivery should be characterized and described in the plan. The work in this chapter explores the extent to which data required for evaluation might be obtained from the reporting systems and forms used in the execution of service delivery.

Such data can also be obtained from survey work or by sampling local reporting systems. This chapter, however, reflects the results of exploring the various present reporting systems to determine which best produce the information needed and what modifications would be necessary. A short section at the end of the chapter treats the present availability of labor market information.

This chapter provides a more fully developed discussion of the different kinds of measures in terms of actual service delivery and reporting. Chapter VII then presents the evaluation methodology for using such measurement data in assessing program success or failure and the causes of success or failure.

B. Conclusions and Recommendations

There are three types of measurement data that can be taken as measures of performance for evaluation:

- Process Flow: Measurement of the flow of applicants through the service delivery units.
- Component Results (referred to as "C" measurements): To determine changes in characteristics of applicants or jobs as a direct result of service delivery.
- Effectiveness Measures (referred to as "M" measurements): To determine post program success of applicants in the labor market compared to their previous success.

Most of these data can be collected during service delivery. There are two additional types of data necessary for use in analysis:

- Basic Applicant Data: Demographic and characteristic data of the applicant taken at intake, for use both in stratifying evaluations and in assuring that distributional goals are met.
- Local Labor Market Data: To determine the conditions under which the local prime sponsor is operating.

The first can also be taken during service delivery; the second must come from outside the service delivery system.

The Department of Labor already has several designs for reporting systems operating. After reviewing these, we believe that for most purposes the MA-100 series reporting system design can be used with least modifications to provide most of the information needed. The following table summarizes our findings on the availability of measures and recommended changes for planning, control, and evaluation purposes.

TABLE 1.--AVAILABILITY OF MEASURES

	Definition	Current Availability	Recommended Changes in Reporting for the Plan vs. Performance Evaluation	Recommended Changes in Reporting for Relative Effectiveness Evaluation
Effectiveness Measures	Measures of the changes in applicant labor market experience. These are related both to the success of the local service delivery system and to achievement of local and national goals.	Pre-program estimates of applicant earnings history are available in the current MA 100 reporting system. Post-program estimates are inadequate.	The 90-day follow-up (job entry completion) should be used. Forms should be revised to collect wage, income, and job stability data over that period, rather than for a point in time.	Here a 12-month follow-up on a sample basis is recommended. A new collection form and system is needed which provides the necessary measures on an applicant by applicant basis.
Component Result Measures	Measures of specific changes in applicant characteristics and job characteristics that are believed necessary for placement and retention (e.g., increase in skill, change in attitude).	Present reporting systems do not contain these types of data; however, they are often available on the individual applicant's record in the local project file.	This type of data should be collected locally, giving the prime sponsor the capability to monitor subcontractors on results achieved vs. results planned. While it is collected locally, it should not be part of the formal reporting system.	The regular manpower reporting system cannot be expected to contain component results information. For <u>component evaluation</u> , prior arrangements should be made for collection and sampling of local files to obtain standardized information.
Process Flow	Those data necessary to describe the volume, direction, source, and final disposition of applicants in a service delivery unit. Flow data is aggregated by service sequences. These measures are needed to determine that process sequences are being implemented as planned.	All data can be extracted from the dates and transactions carried in the current reporting system. The MA 5-5, through transaction reporting, produce the internal flow data.	A set of definitions characterizing the comprehensive service delivery process needs to be developed. These definitions will have to be made compatible with the prime sponsor's plan document and reporting system.	--
Service Sequence	A particular sequence of well-defined services (delivery system components) given to an applicant.	The MA 100 series produces nearly all the <u>types</u> of data required through the MA 5-5 transaction reporting. However, identification of components is only available in a gross way.	--	A set of definitions characterizing the service delivery components will have to be developed and incorporated in the MA 5-5. The revised version of the MA 5-5 should be used for formal transaction processing and contain specific service descriptors as well as general component definitions. The transaction reporting (continued)

TABLE I. (Continued)

	Definition	Current Availability	Recommended Changes in Reporting for the Plan vs. Performance Evaluation	Recommended Changes in Reporting for Relative Effectiveness Evaluation
Service Sequence (Continued)				must be compatible with the prime sponsor's plan and service delivery model.
Job Characteristics	Those characteristics which identify jobs to be filled by applicants.	The MA 100 series collects minimal information on jobs filled: wage rate, hours/week, DOT code, job title.	None. Monitoring this phase of plan implementation should be on wage rate and hours/week.	None. At this time the available descriptors are sufficient. May not be essential for strategy evaluation.
Applicant Characteristics	Demographic, personal, and economic data on the applicant. These are needed to identify an applicant as part of a target population and to identify those characteristics related to program effectiveness.	The MA 100 series collects a good set of applicant characteristics data.	The MA 101 now has the flexibility to allow identification and categorization of most applicant groups of interest to DOL and prime sponsors. Collection of pre-program wage rate, income, and family income is also recommended.	None. The MA 101 reports exact data. There is no need for pre-categorization of data in reporting for evaluation.
Labor Market Data	Measures of the major stocks and flows in the labor market and their structure, covering both supply and demand.	Not available across all prime sponsor areas in a reliable form. However, the raw material for characterizing local labor market conditions are available in the Annual Manpower Planning Report and other series.	--	It is recommended that for strategy evaluation, the National Office develop a set of labor market descriptors which act as a surrogate for the stocks and flow information. For those areas where unemployment and vacancy information is available, special evaluation analyses should be made.
Cost for Each Service Sequence	Direct operating cost, overhead cost, and stipends for each service sequence identified in the prime sponsor plan.	Not readily or accurately available in this detail.	This level of detail is not essential for monitoring prime sponsor's expenditures. Aggregate data are sufficient and available.	If cost effectiveness analysis is ever to be performed, some system of recovery of cost to the individual service sequence level will be necessary. If cost are recovered only as gross expenditures divided among components by some rule of thumb, then cost benefit analysis is ill-advised.

C. Measurement and Reporting of Service Delivery

1. Measurement

Measurement for both monitoring and evaluation should provide indications that the service delivery units are operating properly and that effective service is being received. The more general effectiveness measures discussed in Chapter IV must be taken in order to evaluate the overall success of the process. The four types of measurement on service delivery are process flow, results of components (C measures), effectiveness measures (M measures), and basic applicant data.

a. Process Flow Data

Process flow data are those that are necessary to describe the volume, direction, source, and final disposition of applicants in a service delivery unit. This pictures the service delivery unit as a tree-type flow diagram on which both numbers and directions are entered at any break or division of flow. A start along the lines of this description for CEP is outlined in ORI's CEP Evaluation Methodology, Phase I Report, Operations Research Incorporated. Figure 1 is an example taken from that study. A description of the service delivery model to be used is given in Chapter V of this report. Measurement is made in terms of numbers of applicants passing through particular service sequences, being placed, and dropping out. All are measured in gross numbers of flow. In the case of dropouts, a further division must be made between those that become unemployed or go out of the labor force. Relating the measurement to specific parts of the service delivery process allows its use for troubleshooting at both prime sponsor and regional level.

The key characteristic of process flow data is that it is only a gross characterization of applicant flow. The process of making value judgments based upon these data belongs in monitoring and evaluation. This is because value judgments based on either single flow variables or combinations or ratios of flow data (such as overall placements or placement ratios) depends upon assumptions about the meaning of these items in terms of success of applicants in the labor market. These assumptions should be made explicit so they can either be validated or rejected on the basis of correlation of flow measures with success measures as more and more information is accumulated for comparison. Flow measures alone can do no more than indicate whether or not the process is operating as planned.

Y- SAN FRANCISCO

CHARACTERISTICS

AGE- 18 - 21

PRIORITY- Y

DISADVANTAGED- Y

*** JOB ENTRY 0 ***

*** JOB EXPERNCE 0 **

*** TERMINATION 0 ***

*** JOB 5 0

*** TRAINING 9 ***** JOB ENTRY 0 *****

*** TERMINATION 0

*** JOB 6 0

*** TERMINATION 5 **

*** NO JOB 0

*** JOB 2 0

*** REFERRAL 0 *** PLANNED SUS. 0 **

*** NO JOB 0

*** JOB 1 5

*** JOB 7 2

PRE-ENROLLEE 44 *** ORIENTATION 32 *****

*** JOB ENTRY 2 *****

*** NO JOB 0

*** HOLD 0 *** JOB EXPERNCE 3 **

*** JOB 8 0

*** TERMINATION 0 *** TERMINATION 1 *****

*** NO JOB 0

*** JOB 3 23

*** NO JOB 0

***** JOB ENTRY 23 ***

*** NO JOB 0

*** JOB 4 1

*** TERMINATION 3 **

*** NO JOB 0 *** JOB 9 0

*** JOB ENTRY 0*****

*** NO JOB 0

*** HOLD 0 *****

*** JOB 10 0

*** TERMINATION 0 **

*** NO JOB 0

b. Alterations in Applicant or Job Characteristics as a Result of a Particular Component (C Measures)

These measurements are distinguished by being measures of changes in levels of characteristics of the applicant or the job that are believed to be necessary for job performance, continuing job stability, or long term gains in the wage earning process. They are expected to be accomplished by the service component. Measurements in this area should include all important characteristics or skills which might be expected to be changed or proposed to be changed by some major component in the service sequence. Examples would be educational levels, skill levels, work attitudes, barriers to employment of various kinds, geographical location, and behavior. If measurements are taken, these measurements should be those that can be made repetitively and consistently by some measuring technique and in many cases would be taken at both the beginning and the end of an applicant's association with the manpower system.

It is probably neither necessary nor practical to measure all of these at present, although some testing is presently being done in components in the field. For initial evaluation purposes, recording of the types and level of skill or characteristic output for which the component was designed should be adequate. Chapter VII discusses methods of studying actual component performance on a sampling basis from records retained in the field.

Each component represents a designed intervention into the labor market that is expected to improve the participant's success in the labor market. The "C" measures themselves show changes in items that are presently believed to be significant in terms of success in the working population. The evaluation use of these data should make these assumptions explicit so that they can be validated or rejected. For instance, only explicit evaluation of components against subsequent success of their participants will provide a test for many of the present strongly held beliefs about manpower training programs. This type of measurement (which in the initial stages might more properly be called an identification) is described throughout the study as "C" type measurement (C_A when describing applicant characteristics, C_J when describing job characteristics).

c. Effectiveness Measures--Longitudinal Measures of Success of the Applicants in the Labor Market (M measures)

The job-related characteristics described above as "C" data are expected to be changed in the service delivery process and are believed to lead to changes in wages, income, and job stability. Wages, income, and job stability, however, are a special subset of data that are pivotal because this subset can be related both to success of all service delivery (as planned) and to local and national goals (as stated).

1. Evaluation Methodology, Phase I Report, Personnel Research, Incorporated, July 1970

Figure 1. Sample CEP Enrollee Flow--San Francisco^{1/}

We have chosen to refer to these measurements as "M" data. They are applicable to both applicants and jobs: hourly wage, income over a specified time period, and stability on the job. In particular, the measures selected in Chapter IV are:

- Change in Wage Rate -- Hourly income at Job Entry Completion minus last hourly income on a full time job before enrollment.
- Change in Earned Income -- Earned income over the 12 month period following Job Entry minus earned income over the 12 month period preceding enrollment.
- Change in Unearned Income -- Unearned income over the 12 month period following Job Entry minus unearned income over the 12 month period preceding enrollment.
- Job Stability Measures:
 - Number of jobs in 12 month period preceding enrollment minus number of jobs in 12 month period following Job Entry.
 - Time Unemployed (but looking for work) in 12 month period preceding enrollment minus time unemployed (but looking for work) in 12 month period following Job Entry.
 - Number of weeks employed full time in 12 month period preceding enrollment minus number of weeks employed full time in 12 month period following Job Entry.

In special cases like NYC, a measure of staying in school or continuing to college might be used as an "M" measurement, since this is the stated intent of these programs at this time. If these become more oriented towards work experience, then the measures above would apply, although they might require a much longer waiting period for collection.

d. Importance of Separating Measurements of Changes in C and Changes in M.

The separation of measures of change in C and M (which will be referred to as ΔC and ΔM , respectively) would perhaps not be so important if there were an accurate way to measure the characteristics affected by components and to measure quantitatively the impact of the change in characteristics on any acceptable present set of measures of success in the labor market. Consider a measure of the success of the

individual in the labor market, such as 12-month earned income before and after training. Then if M_A represents the value of the measure (Earned Income) before he has participated in a process sequence and M_J represents the value of the measure after his participation, a dimensionless measure of the effectiveness of the service sequence changes in this particular measure can be constructed. For instance:

$$\frac{\text{Earned Income After}}{\text{Earned Income Before}} = \frac{M_J}{M_A} = E = \text{Effectiveness of Service Sequence on this measure.}$$

When a measure of success has been suitably defined, it should reflect one of the actual goals or reasons for conducting the service delivery process. For a change in C (e.g., educational level) caused by a component (e.g., basic education) to be used as a surrogate for a differential change in M (for instance, increase in earned income), it is necessary to know the relationship between ΔC and ΔM . These relationships have not yet been fully investigated for present programs. Furthermore, the impact of a particular process sequence on either C or M measures is not in general known.

The implication of this is that during start-up (and during the first year or more of operation) DOL will have to depend heavily upon local assessments of the suitability of particular changes in C in obtaining changes in M and of particular service sequences in obtaining changes in C. This can lead to three types of measurements:

Process Flow Measurements -- to determine that the service sequences are being carried out as planned.

Characteristics or Component Result Measurements (C's) -- to determine that planned changes in characteristics believed necessary for jobs are actually being accomplished by the service sequences.

Effectiveness Measurements (M's) -- to determine the actual ability of the program to achieve manpower goals.

Some of the first and last types of measurements appear immediately achievable--and are of value for both monitors and evaluators. The second type may require developments in testing and reporting. As noted above, however, reporting at least the planned changes and levels of job-related characteristics for each component should be adequate for initial evaluation purposes. Reports of component purpose are also necessary for program improvement.

During initial implementation, monitoring may initially simply compare planned process flow data and planned changes in the effectiveness measures with those achieved, and evaluation may use comparisons of particular sets of flow data and changes in M. Determining changes in M as a function of changes in C and changes in C as a function of funding

may not be immediately possible. Just as it is not correct to specify "success" of a program totally in terms of flow and changes in C data, so it is also impossible to evaluate relative success of different service sequences without knowing the particular changes in C values involved. Let us make clear, however, that initially reporting as simple as "Basic Education -- Read and Write at the 8th Grade Level" or "Skill Training -- Beginning Welder" may be adequate component identification for evaluation studies. In the long run, relationships of M, service sequences, C, and funding must be determined, if the programs are to be improved or even demonstrated to be valid. The amount of changes in an M measure is, of course, also affected by local labor market conditions and must be considered in relation to local labor market data.

e. Basic Applicant Data

The purpose of the service sequence effectiveness evaluation described in Chapter VII is to determine functional relationships between the success (M) measures described above, and sets of variables that can be manipulated or controlled to some extent by the prime sponsors (i.e., type of applicants to whom particular types of services are given). In order to conduct this type of evaluation and to communicate the results to other prime sponsors, standard definitions for these variables will be required. The reporting system must allow for enough detail in the descriptions of applicants and service sequences to make it possible to categorize these two sets of variables in a number of different ways.

It is important to realize that, while the data is distinguished here as flow, C, M, and basic applicant data, all of the data can be extracted from the single MA-100 type reporting system as recommended below. Keeping the files as longitudinal applicant records beginning with the Form MA-101 data, adding the Form MA 5-5 transaction data, the MA-104 completion data, and closing the files with final follow-up reports provides several advantages.

For instance, an MA 5-5 transaction report contains the flow data that an applicant has completed a particular component. It is recommended below that the MA 5-5 also contain enough component data to indicate at least the type of training given and at what level. Since the planning element description in the plan indicates what should be occurring, summaries of individual transactions can then be extracted directly from the reporting system and compared with the plan to determine progress.

Most important from an evaluation standpoint, the present system contains exact basic applicant data on age, sex, race, some barriers to employment, education, etc. With this in the data file by applicant, the evaluation can begin with data on results (see Chapter VII) and factor that data statistically over nearly any grouping of applicant characteristics or process components. It will not be necessary for evaluation purposes to predefine gross categories of applicants (such as

age 45 and above, or education 8-12 years). Distribution can be determined along any axis (race, age, educational level) to the degree of precision used on the forms because these data are retrievable throughout the files. This allows the evaluation system to operate across the many different groupings that may occur in local planning as long as a common definitional system is used and the grouping is described in the plan.

2. Implementing the Necessary Reporting

a. Introduction

This section deals with the reporting of the measurement data described above. Nearly all of the operational, monitoring, and evaluation requirements (except cost and financial data) can be met from a single reporting system which creates continuing longitudinal records on each individual applicant. For some specific analysis of job development, a job-oriented file might also be of value. However, in most of the evaluation described in Chapter VII, the principal interest is in jobs that have been filled with applicants and are thereby connected in the file with an applicant record.

At present, several types of manpower programs are in operation, each with its own more or less compartmented reporting system. This fragmentation of the reporting requirements, due to the categorial nature of the programs to a large extent, has been the cause of many of the problems in the current reporting system and has led to a lack of faith in those systems. Under the proposed legislation (or administratively) reporting requirements should be standardized for all prime sponsors through contractual agreement. This standardization should allow a more reliable and timely system to develop.

The MARS Trainee Characteristics Module file (operated by OMMDS) appears to most closely parallel the system needed and can be immediately related to the service delivery model described above. Manpower forms MA-101, MA 5-5, MA-104 (Figures 2, 3, 4, and 5) and related supplements and summaries appear to be the Federal reporting forms nearest to those required. Some alterations are suggested below. Some local employment service systems also appear to be working towards the philosophy needed. In fact, some employment service offices now take more extensive data for their own use than is reported in any of the reporting systems. The present ESARS system, however, does not carry much of the data collected locally and is especially weak on follow-up data. Documentation of process flow is also not as complete with ESARS as with the MA-100.

In the discussion below, each type of reporting--Flow, Component Results, Effectiveness, and Basic Applicant Data--will be discussed in terms of its relation to the service delivery model, present examples and

1. CONTRACT IDENTIFICATION a. State of training		2. FUNDING CODE A. --- CEF B. --- Model City C. --- CWRP --- Other (Specify)		3. PROGRAM IDENTIFICATION 01. --- MDTA Institutional 02. --- MDTA C... 03. --- MDTA-Coupled 04. --- MDTA-Part time 05. --- NYC-In school 06. --- NYC-Out of school 07. --- NYC Summer 21. --- New Careers 22. --- Operation Mainstream 23. --- Other (Specify) 24. --- Special Impact 25. --- Other (Specify)	
4. MDTA INSTITUTIONAL SEC. NO.		5. WIN ONLY 1. --- ES 2. --- CA 3. --- Other		6. LOCAL ES OFFICE NO.	
7a. NAME OF CONTRACTOR		7b. ADDRESS (Street, City, State and Zip Code)			
8a. OCCUPATIONAL GOAL (Name)		8b. DOT (digit)		8c. TARGET AREA (Name)	
8d. CODE					
10. START DATE (Mo, day, yr)		11a. NAME OF APPLICANT (Last, first, middle initial)		11b. PHONE NO.	
11c. SOCIAL SECURITY NO.					
12. ADDRESS (Number, Street, City, State, and Zip Code)					
13. DATE OF BIRTH (Mo & yr)		14. SEX 1. --- Male 2. --- Female		15. HANDEDNESS 1. --- Yes 2. --- No	
16. MILITARY SERVICE STATUS 1. --- Veteran 2. --- Ex-veteran 3. --- Other (Specify)		17. DISCHARGE DATE (Month, day, & year)		18. MARITAL STATUS 1. --- Never married 2. --- Married 3. --- Widowed 4. --- Divorced (Specify)	
19. PRIMARY WAGE EARNER 1. --- Yes 2. --- No		20. HEAD OF FAMILY OR HEAD OF HOUSEHOLD 1. --- Yes 2. --- No		21. NO. OF DEPENDENTS 0. --- 4. --- 1. --- 5. --- 2. --- 6 and over	
22. CHECK ONE 1. --- White 2. --- Negro 3. --- Amer. Indian 4. --- Oriental 5. --- Other		23. IF SPANISH SURNAME, CHECK ONE 1. --- Mexican American 2. --- Puerto Rican 3. --- Other		24. U. I. CLAIMANT 1. --- Yes 2. --- No 3. --- Exhausted	
25. HIGHEST SCHOOL GRADE COMPLETED		26. PREVIOUS JOB TRAINING 1. --- Yes (Specify) (Date completed) (Mo, day, yr) 2. --- No a. Job title b. DOT (digit) c. Date completed (Mo, day, yr)		27. PARTICIPATION BY OTHER FEDERAL PROGRAMS a. --- MDTA b. --- NYC c. --- Project Transition d. --- Operation Mainstream e. --- Special Impact f. --- Work Incentive	
28a. PRIMARY OCCUPATION TITLE (if any)		28b. DOT (digit)		28c. OCCUPATION TITLE OF LAST FULL-TIME CIVILIAN JOB	
28d. DOT (digit)					
29. YEARS OF GAINFUL EMPLOYMENT 1. --- Under 1 year 2. --- 1-9 years 3. --- 10 years and over		30. ESTIMATED AVERAGE HOURLY EARNINGS ON LAST FULL-TIME CIVILIAN JOB		31. INCOME a. Applicant's estimated earnings last 12 months b. Estimated family income last 12 months c. Number in family d. Family below poverty level	
32. LABOR FORCE STATUS AT TIME INTERVIEWED (Check only one) 11. --- Employed (not under-employed) 12. --- Underemployed 13. --- Unemployed 14. --- Family farm worker 21. --- Not in labor force - in school 22. --- Not in labor force - other		33. WEEKS UNEMPLOYED --- Last 12 mos. of appl. career --- Current spell (unemployed only)		34. REFERRED BY 01. --- ES Outreach 02. --- NYC 03. --- Job Corps 04. --- Union 05. --- Employer 06. --- Self 07. --- Welfare 08. --- Other community group 09. --- Coop School Graduate 10. --- Coop School Dropout 21. --- Sel. Service - Adult Recruiting Corps 22. --- Sel. Service - Local AFFLSJ 23. --- Sel. Service - Public (Local Board) 31. --- Other	
35. REFERRAL TO TRAINING OR EMPLOYMENT a. Accepted referral to training or job b. Enrolled in training c. Placed in job 1. --- Yes 2. --- No		36. ELIGIBILITY FOR TRAINING ALLOWANCE 1. --- Not eligible 2. --- Eligible for: a. Regular b. Special NYC c. Intermediate d. Part-time 3. --- Other		37. CHECK APPROPRIATE IF ELIGIBLE FOR OTHER ALLOWANCE 1. --- None 2. --- Training 3. --- Other	
38. BARRIERS TO EMPLOYMENT a1. --- Age - too young a2. --- Age - too old a3. --- Lack education training with experience in her/obtain it b1. --- Health problem b2. --- Personal problem b3. --- Transportation problem c1. --- Child care problem c2. --- Care of other family member c3. --- Conviction record d1. --- Corrupt out d2. --- Other		39. DATE OF INTERVIEW			

Figure 2. MA-101, Applicant Information Record

PART A - ALL PUBLIC ASSISTANCE RECIPIENTS		PART C - SERVICES PROVIDED	
1. FINANCIAL AID RECEIVED 1. --- APTD 2. --- AFDC 3. --- OAA 4. --- SABB 5. --- General Assistance 6. --- AFDC and General Assistance 7. --- Other		1. EMPLOYABILITY PLAN INVOLVES (Check one or more areas of assistance needed.) --- a. Counseling --- b. Orientation --- c. Training --- d. Relocation --- e. Health Supportive Service --- f. Rehabilitation --- g. Welfare --- h. Other	
2. RESIDES IN PUBLIC HOUSING 1. --- Yes 2. --- No		2. FAMILY INCOME GROUP --- a. FARM --- b. Non-farm	
3. PARTICIPATED IN CWT AND/OR TITLE V 1. --- CWT 2. --- TITLE V 3. --- Both CWT and Title V 4. --- Neither		3. PARTICIPANT OF PROJECT INC'D (As specified on Form VES-11) --- a. Yes --- b. No	
4. NUMBER OF DEPENDENTS BY AGE AND ARRANGEMENT MADE FOR THEIR CARE		4. SERVICES PROVIDED	
1. Under 6 yrs. 2. 6-15 yrs. 3. 16-21 yrs. 4. 22-44 yrs. 5. 65 yrs. & over		TYPE OF SERVICE a. COUNSELING INTERVIEWS b. COUNSELING SESSIONS c. GUIDANCE SESSIONS d. JOB DEVELOPMENT CONTACT e. PLACEMENT IN JOB 3 DAYS OR LESS f. PLACEMENT IN REGULAR JOB	
5. FOR YOUTH ONLY - APPLICANT LIVES WITH 1. --- Both parents 2. --- Father 3. --- Mother 4. --- Guardian 5. --- Other		DATE	
PART B - WIN APPLICANTS ONLY			
6. REFERRAL CATEGORY		8. APPLICANT EMPLOYER INTERVIEW	
7. AMOUNT OF WELFARE CASH ASSISTANCE TO FAMILY FOR MONTH PRIOR TO REFERRAL \$		9. SPECIAL PLACEMENT --- a. HEALTH --- b. REHABILITATION --- c. WELFARE --- d. OTHER	
8. OTHER FAMILY MEMBER ALREADY IN WIN 1. --- Yes 2. --- NO		10. REFERRED TO SUPPORTIVE SERVICE --- a. HEALTH --- b. REHABILITATION --- c. WELFARE --- d. OTHER	
9. SEASONAL AGRICULTURAL WORKER APPROVED FOR AFDC IN LAST 5 YEARS 1. --- Yes 2. --- NO		11. FOLLOWUP CONTACT	
10. LENGTH OF TIME ON AFDC		12. COMMENTS	
a. Total time during last five years Years Months		13. TRAINING REFERRALS AND ENROLLMENTS	
b. Consecutive time since last receipt approval of AFDC Years Months		TYPE OF TRAINING a. MDTA - INSTITUTIONAL b. NYC c. NYC - MDTA CONCURRENT d. JOB CORPS e. OPERATION MAINSTREAM f. NEW CAREERS g. SPECIAL IMPACT h. RETURN TO SCHOOL i. OTHER	
14. SIGNATURE OF INTERVIEWER		DATE	
TITLE		DATE	

Figure 3. MA-101 Applicant Information Record Supplement

STATUS CHANGE NOTICE				1. PROJECT	2. TEAM ID
3. NAME	LAST	FIRST	INITIAL	4. SOC. SEC. NO.	5. DATE OF CHANGE
6. LEAVING COMPONENT OR STATUS			7. ENTERING		
<input type="checkbox"/> ENROLLEE <input type="checkbox"/> A. ORIENTATION & ASSESSMENT			A. <input type="checkbox"/>		
TRAINING <input type="checkbox"/> B. BASIC EDUCATION <input type="checkbox"/> C. VOCATIONAL <input type="checkbox"/> D. OJT <input type="checkbox"/> E. OTHER _____ specify			B. <input type="checkbox"/> C. <input type="checkbox"/> D. <input type="checkbox"/> E. <input type="checkbox"/>		
JOB EXPERIENCE <input type="checkbox"/> F. WORK EXPERIENCE (WIN ONLY) <input type="checkbox"/> G. SPECIAL WORK PROJECTS (WIN ONLY) <input type="checkbox"/> H. NEW CAREERS <input type="checkbox"/> I. MAINSTREAM <input type="checkbox"/> J. OTHER _____ specify			F. <input type="checkbox"/> G. <input type="checkbox"/> H. <input type="checkbox"/> I. <input type="checkbox"/> J. <input type="checkbox"/>		
PLANNED SUSPENSE <input type="checkbox"/> K. NAB/JOBS <input type="checkbox"/> L. JOB CORPS <input type="checkbox"/> M. MDTA <input type="checkbox"/> N. OTHER _____ specify			K. <input type="checkbox"/> L. <input type="checkbox"/> M. <input type="checkbox"/> N. <input type="checkbox"/>		
HOLDING <input type="checkbox"/> O. INITIAL (WIN ONLY) _____ specify <input type="checkbox"/> P. JOB ENTRY <input type="checkbox"/> Q. PROGRAM RELATED _____ specify <input type="checkbox"/> R. NON PROGRAM RELATED _____ specify			O. <input type="checkbox"/> P. <input type="checkbox"/> Q. <input type="checkbox"/> R. <input type="checkbox"/>		
JOB ENTRY <input type="checkbox"/> S. DIRECT <input type="checkbox"/> T. INDIRECT			S. <input type="checkbox"/> T. <input type="checkbox"/>		
*COMPLETE PORTIONS OF ITEM 9 *COMPLETE ITEM 8 OF ITEM 9					
TERMINATION 140 COMPLETED JOB ENTRY PERIOD 150 OTHER TERMINATION, specify _____ 160 DROPOUT, specify _____			<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		
B. EMPLOYER INFORMATION EMPLOYER _____ ADDRESS _____ CITY, STATE _____ HRS./WK. _____ WAGE _____ JOB TITLE _____ DOT CODE (6 digit) _____ REFERRAL AGENCY <input type="checkbox"/> CEP <input type="checkbox"/> ES (WIN) <input type="checkbox"/> OIC <input type="checkbox"/> OTHER (specify) _____					
B. COMPONENT INFORMATION ENTERING: TRAINER _____ ADDRESS _____ CITY, STATE _____ HRS./WK. _____ WAGE _____ LEAVING: TITLE _____ DOT CODE (6 digit) _____					
10. APPEAL (WIN) <input type="checkbox"/> PENDING <input type="checkbox"/> WON <input type="checkbox"/> LOST					
11. SIGNATURE (TEAM) _____					
12. SIGNATURE (RECEIVING COMPONENT) _____					
13. COMMENTS _____					

Figure 4. MA 5-5, Transaction Form

INDIVIDUAL TERMINATION RECORD

TYPE OF PROGRAM		<input type="checkbox"/> WIN	<input type="checkbox"/> CEP		
A. NAME:	LAST	FIRST	MIDDLE INITIAL	B. SOCIAL SECURITY NO.	C. PROJECT ID NO.
E. ADDRESS		CITY	STATE	ZIP CODE	E. BIRTHDATE MONTH DAY YEAR
F. START DATE MONTH DAY YEAR		G. TERMINATION DATE MONTH DAY YEAR		H. NUMBER OF WEEKS IN PROGRAM	
I. LAST COMPONENT AT TIME OF TERMINATION			J. PUBLIC ASSISTANCE RECIPIENT 1. <input type="checkbox"/> YES <input type="checkbox"/> NO IF YES, ANSWER NUMBER 2 2. HAVE PAYMENTS BEEN REDUCED <input type="checkbox"/> YES <input type="checkbox"/> NO		
K. REASON FOR TERMINATION					
<input type="checkbox"/> 01 PLACED IN EMPLOYMENT (CEP), OR EMPLOY-ABILITY PLAN COMPLETED (WIN) A. DATE OF ENTRY ON JOB _____ B. JOB TITLE _____ C. DOT CODE (SIX DIGIT) _____ D. NO. OF HR/WK _____ E. HOURLY WAGE _____ F. PLACEMENT AGENCY <input type="checkbox"/> WIN <input type="checkbox"/> CEP <input type="checkbox"/> OTHER _____			<input type="checkbox"/> 08 HEALTH REASONS <input type="checkbox"/> 09 PREGNANCY <input type="checkbox"/> 10 FAMILY CARE REQUIRED <input type="checkbox"/> 11 TRANSPORTATION PROBLEMS <input type="checkbox"/> 12 MOVED FROM AREA <input type="checkbox"/> 13 DEATH <input type="checkbox"/> 14 RETURNED TO WELFARE <input type="checkbox"/> 15 ADMINISTRATIVE SEPARATION <input type="checkbox"/> 16 APPEAL ACCEPTED (WIN) <input type="checkbox"/> 17 REFERRED IN ERROR (WIN) <input type="checkbox"/> 18 OTHER (SPECIFY) _____		
<input type="checkbox"/> 02 TRANSFERRED TO OTHER PROGRAM (CEP) <input type="checkbox"/> 03 REFUSED TO CONTINUE PARTICIPATION <input type="checkbox"/> 04 CANNOT LOCATE <input type="checkbox"/> 05 FULL-TIME SCHOOLING <input type="checkbox"/> 06 ENTERED ARMED FORCES <input type="checkbox"/> 07 INSTITUTIONALIZED					
L. PROGRAM COMPONENTS IN WHICH PARTICIPATED					
		Participation Weeks Days		Participation Weeks Days	
<input type="checkbox"/> 01 ORIENTATION	_____	_____	<input type="checkbox"/> 11 WIN OJT FULL COST	_____	_____
<input type="checkbox"/> 02 BASIC EDUCATION	_____	_____	<input type="checkbox"/> 12 GED	_____	_____
<input type="checkbox"/> 03 OTHER PREVOC TRAINING	_____	_____	<input type="checkbox"/> 13 WORK INTERNSHIP	_____	_____
<input type="checkbox"/> 04 INSTITUTIONAL	_____	_____	<input type="checkbox"/> 14 SPECIAL WORK PROJECTS	_____	_____
<input type="checkbox"/> 05 REGULAR OJT	_____	_____	<input type="checkbox"/> 15 WIN INTENSIVE FOLLOW-UP	_____	_____
<input type="checkbox"/> 06 OTHER VOC TRAINING	_____	_____	<input type="checkbox"/> 16 REGULAR FOLLOW-UP	_____	_____
<input type="checkbox"/> 07 MAINSTREAM	_____	_____	<input type="checkbox"/> 17 APPLICANT HOLDING STATUS	_____	_____
<input type="checkbox"/> 08 NYC	_____	_____	<input type="checkbox"/> 18 HOLDING STATUS, OTHER	_____	_____
<input type="checkbox"/> 09 NEW CAREERS	_____	_____	<input type="checkbox"/> 19 SUSPENSE STATUS	_____	_____
<input type="checkbox"/> 10 CEP VERSATILE	_____	_____	<input type="checkbox"/> 20 TOTAL	_____	_____

Figure 5. MA-104, Individual Termination Record

sources, and needed changes for implementation of the recommended evaluation system. It is important to remember that, while the data have been split into groups for discussion purposes, only a single reporting system is being proposed.

b. Process Flow Data

(1) Desired data/relationship to the service delivery model. Process flow data characterize the service delivery model in terms of applicant flow from intake to job entry completion or exit. It is a measurement of all flow inside the service delivery system. The data itself can be related to a tree structure representing the potential sequences of activity that an applicant can pass through after enrollment. All data can be extracted from the dates and transactions carried in the reporting system.

(2) Present examples and sources. As mentioned above, the MA-100 reporting system as exemplified in CEP, WIN, and MDTA is a well-defined reporting system that produces nearly all of the data required. Operations Research Incorporated in an earlier report 1/ has already prepared a description of a preliminary method for accumulating and displaying such information on the process sequence paths for CEP (see Figure 1).

Figure 6 illustrates the CEP collection system presently in use in the field. At Level I are the basic forms (which would serve as the basis for all of the longitudinal applicant collections). Level II illustrates the data used by the prime sponsor for local monitoring and control. Level III consists of summary reports presently being submitted. The Management Progress Report contains both some financial and flow data summaries and a section reporting some quality measures. A good description of this system (up to and including Level III), along with the methods of a simple punch card processing system for local use, is given in a recent Abt Associates report 2/ and in broader form in the CEP standards and procedures manuals.

While the present summaries consist primarily of monitoring information, the basic reporting system is detailed enough (with the changes suggested below) to support both the monitoring and evaluation described in Chapter VII.

Level IV of Figure 6 shows the CEP "warning light" system. The warning light report is an example of a "plan vs. performance" system as discussed in Chapter VII. Previous agreements have been made between

1/ Technical Report 617, CEP Evaluation Methodology, Phase I, Operations Research Incorporated (DOL MA Contract Number 43-0-008-22).

2/ CEP Information System, Machine Processing Technique, Abt Associates Incorporated, May 1970.

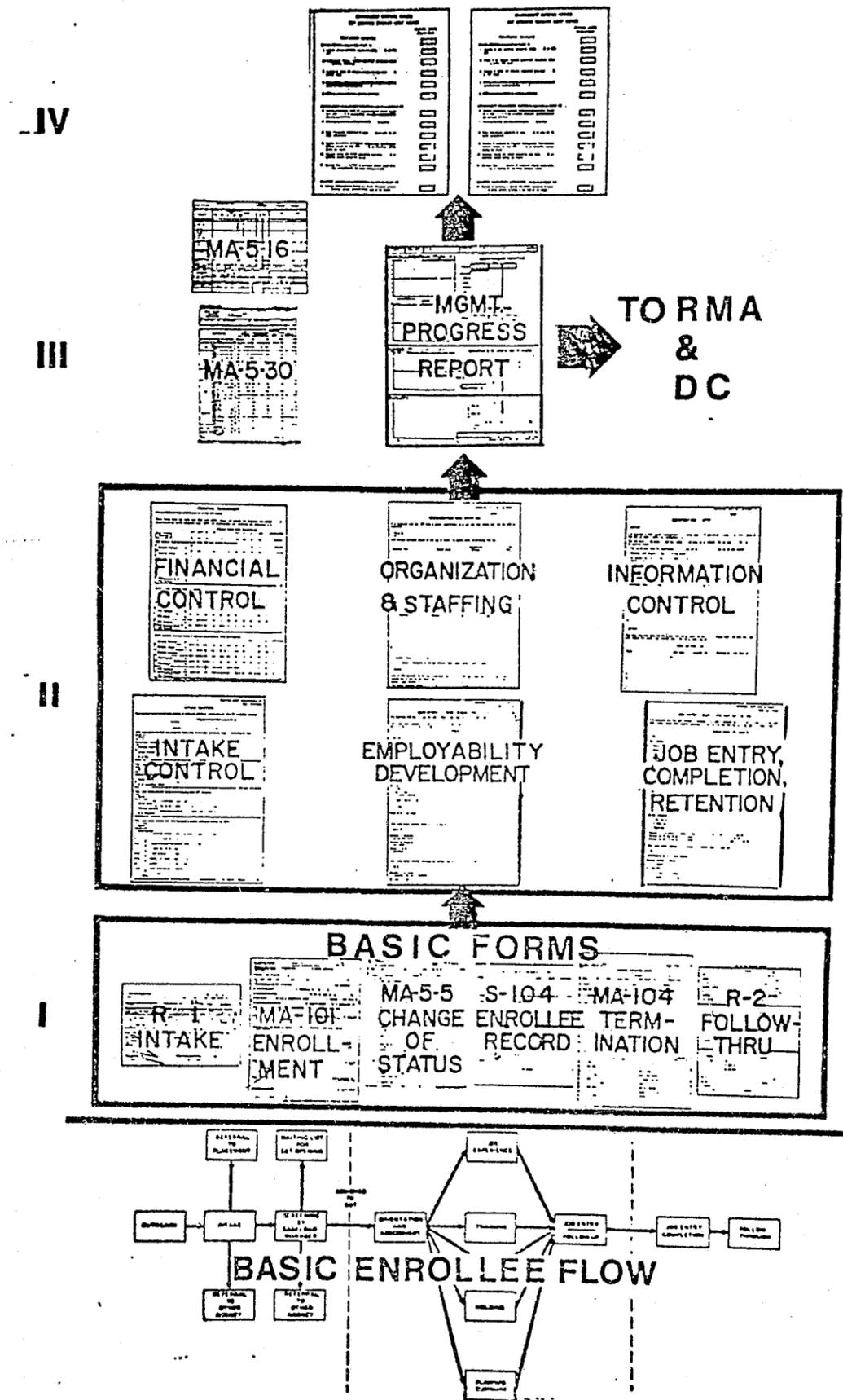


Figure 6. CEP Management System

DOL and the operating sponsor on both the level and acceptable limits of variations from the level of some 26 items. When any fall outside the agreed level, they are indicated as having turned on a "warning light" at the CEP for further investigation. About 16 of the 26 "warning lights" are based on process flow information.

(3) Implementation. DOL can begin to develop process flow data directly from this type of reporting system for management, monitoring, and evaluation provided the following steps are taken:

- A standard set of definitions as described in this chapter and in Chapter V is adopted and incorporated in all prime sponsor guidance, proposals, and contracts. Each prime sponsor proposal and contract should contain a timing of flow section modeled after the one shown above in Chapter V.
- Definitions of the MA-100 reporting system are made compatible with the comprehensive service delivery process definitions and this reporting system is required in each prime sponsor's contract.
- The prime sponsor's own system of flow management and exception reporting to the region must be based on this same reporting format. This will require either that results of local reporting collections be processed and returned to him promptly or that his own processing be accomplished locally.
- A revised version of the MA 5-5 would be used for formal transaction processing and should be modified to contain the specific training provided by each component (e.g., welding, practical nursing--this is necessary for component data as well as flow) as well as the general category (e.g., skill training, institutional training). This additional information is presently carried in the national information system under JOBS and MDTA contracts; but not under WIN and CEP.

c. Component Results Data ("C" Data)

(1) Desired data/relationship to service delivery model. While flow data characterize throughput in the delivery system, component results data will be used to report the specific changes that each component makes or, in the initial phases of implementation, simply those that the component is designed to make, in the applicant. Ideally, it would be based on objective measurement (e.g., passes welding test, certification as licensed practical nurse, educational equivalency test and level). Also ideally, both the incoming levels of skills and characteristics would also be reported so that the actual change due to the

component could be assessed. Fortunately, much of the evaluation recommended in this report will require only the specific goal of the component in terms of the change in characteristics expected as a result of the component.

(2) Present examples and sources. While several local ES systems contain some data on the immediate effects of components, this information is generally not in any reporting system. ESARS does note whether testing has been given and the type of test (SATB, GATB, Proficiency, and other). Some programs in the field do test either within the component or afterwards to determine success.

(3) Implementation. Component results information is critical in evaluating the assumptions connecting various interventions (e.g., changes in skill or educational level) with overall effectiveness (e.g., wage rate, income, job stability). However, this is not sufficient reason to include the data in the reporting system, since such inclusion would be a complex and difficult task. We propose that the exact type of intervention by each component be reported (e.g., skill training--beginning welder) with the flow data described above. For detailed evaluation, selected prime sponsors may be notified in advance that they will be sampled for component test results and asked to retain such data for each applicant during a specified period of time. The evaluations have been designed so that they can sample from such collections for evaluation and research purposes rather than require it to be carried in the reporting system. A common definitional structure should be used, however.

d. Effectiveness Data ("M" Data)

(1) Desired data/relationship to service delivery model. These reports provide the basis for measuring the applicant's success in the labor market before and after his receipt of service. In other words, these measures come from outside the service delivery system. At present, we have included only reports sufficient to determine change in hourly wage, income, and job stability. In programs with less well-defined goals like NYC, some measure related to program goals, such as staying in school, might be needed. However, if they are restructured to more nearly approximate work experience, then existing measures might be used.

(2) Present sources and examples. The manpower MA-100 forms presently collect the applicant's estimated last hourly earnings, income in the last 12 months, estimated family income in the last 12 months. No record is presently made of the number of full-time and/or part-time jobs held in the last 12 months.

Post-program data are more difficult to obtain at present. Definitions of follow-up, length of follow-up, time to Job Entry Completion, etc., are not identical from program to program although they are being improved. One version of proposed legislation requires follow-up (see Appendix 1) for one year and, of course, this would be desirable to

achieve comparability with 12 month intake data on income. Only part of the follow-up data is presently being reported for various reasons. More seriously, the present collection in WIN and CEP only reports employer and wage at the point in time of the follow-up, so that there is no way to obtain income, job stability, and unemployment data over the time period covered by follow-up.

Some use of social security data has been made by OMMDS for wage and income investigations and this may be a promising route for further investigation. There are omissions, of course; but if samples of field data could be compared with social security data to determine bias factors, such data could be quite valuable.

(3) Implementation. The implementation of these data collections on incoming applicants requires only the addition of the number of jobs held during the last 12 months and some validity checks on the present estimates entered.

In post-program collection, however, a new follow-up collection form and system is needed. Job Entry Completion data could (3 month follow-up) be used for monitoring and as a surrogate for 12 month income for evaluation purposes during the first year. But data on the post program wages, income, number of jobs, family income, unearned income, and time unemployed over the 12 month period following the program are badly needed at all levels of monitoring and evaluation. Without these, measurement of goal achievement, validation of program assumptions, and future labor market research will largely be guesswork.

Follow-up is more important and more justifiable from a cost standpoint for comprehensive manpower training programs than for simple process sequences such as Job Matching or Employability Exploration. In the latter cases, cost per applicant is small and internal measures more valuable for evaluation. The larger programs under discussion here, however, have costs per applicant that are much larger and in fact may range into several thousand dollars per applicant in many cases. Some small percentage of this cost should be dedicated to follow-up in order to determine the effects of these larger per applicant expenditures.

A study should be performed immediately (by OPER or OMMDS) to determine the advantages and disadvantages of various means of obtaining the 12 month follow-up data. Potential methods include a complete follow-up by the prime sponsor using either career employees or part-time employees dedicated to this purpose, a separate contractor for follow-up on samples of former enrollees, or the use of social security or IRS data (where groups are large enough to do statistical samples preserving confidentiality). A study of the costs and merits of each of these individually or in combination is needed.

One local ES director cited a very successful follow-up effort using part-time employees during an E & D program. When queried about its success, he cited three reasons:

The part-time people desired to work evenings and weekends when follow-up is more easily accomplished.

They had no vested interests in the reported follow-up data.

They didn't compare their jobs with those of other career employees in the ES center.

Previously and at present, follow-up at that ES center was and is an additional duty of people performing other full-time services and one that is not desired by most career employees.

e. Basic Applicant Data

The reporting system suggested has the additional benefit of collecting a good set of demographic data on the MA-101. If this is used directly in the reporting system, there is little need for precategorization of the evaluation categories on demographic data since the exact data can be categorized in any desired way when they are used.

3. The Reporting and Processing Chain

a. Introduction

Reporting data should be generated and reported locally from forms that also serve everyday uses in the service delivery unit. Both the local project director and the Regional Manpower Administrator (RMA) require monitoring and management information from the system in a short time period (probably one or two weeks for a director, each month for an RMA) if they are to use it in local management--and only its use as a local tool will produce the emphasis necessary to produce complete and accurate reporting. Since OMMDS probably cannot respond to local needs on this type of time cycle, some processing at the regional, State, or local level will be necessary. This specification should be part of the implementation design.

For research purposes, it will be necessary to maintain the data files as large applicant-indexed records that can be updated by transactions and the sequential transactions and follow-up data stored with the applicant record file. From this file, both standard evaluation and monitoring and specially designed evaluation and monitoring reports will be run as discussed in Chapter VII. Some of the processing for these reports will be as simple as retrievals from the file based on a particular retrieval logic; others will require both data extraction and analytic processing. Evaluation and research will be continual users of this

master file. Specific analyses to be performed are discussed in Chapter VII. The files, the analytical capability, and the EDP capability may be concentrated at some single location in the system or distributed at several as long as the support described in other chapters of the report is provided in a timely fashion. If timing problems can be resolved, the regions and prime sponsors might also be users of a single processing facility (into which they also send their data reports) for long term evaluations. Thus, OMMDS and OFMDS could become the equivalent of a large data repository and service bureau. Its supplier of data would be the prime sponsor in the field. This would be unlike the present arrangement in that several parts of DOL would need to be linked together in using the information on a continuous basis.

If the detailed design (of files, processing system, flows of information) is accomplished now, it appears that most of the management, monitoring, and evaluation recommended could be supported with a single unified reporting system. This should be the responsibility of OMMDS and OFMDS working with OPER, USTES, and the DMA.

b. Reliability of the Reporting System

We have emphasized the need for systematic and continuous reporting of data for use in the type of evaluations that are necessary for planning, for plan assessment, and for program improvement. Also, we concluded that most of these data should be obtained from a single standard reporting system. Two major problems that exist with present reporting systems must be addressed, however: (1) inaccurate reporting, and (2) failure to report.

The problem of failure to report should be amenable to correction through the contractual agreement with the prime sponsor and technical assistance in this area greatly simplified with a single reporting system. The problem of inaccurate reporting is more difficult because it requires some type of independent validity check of the data reported by the prime sponsor. While complete assurance that reporting has been accurate obviously cannot be achieved at reasonable costs, certain types of independent checks can be made. For example:

1. The follow-up data requirements could be given to a separate agency under a separate contract. Certain items obtained during the follow-up data collection could be cross-checked with the reports made on those applicants by the prime sponsor.
2. The evaluation system described in Chapter VII requires that individual applicant data (either the total population or a sample of the population) be processed for each level of the manpower system where evaluations are to be conducted, rather than using aggregate data supplied by the prime sponsor. It would be more difficult for the prime sponsor to provide inaccurate individual applicant data than aggregate data.

D. Labor Market Information

1. Introduction

Labor market information is important for stratifying evaluation categories and for local planning and analysis. This information is a variable affecting the measured success of a training program, and performance evaluations must be adjusted or at least tabulated according to the labor market conditions at the time and place of service delivery. In addition, a local planner needs to consider both his present and projected labor market conditions in planning for the coming year. For this reason, the next two sections will deal with the problem of characterizing local labor market data and with the availability of some of the information required. The final section discusses some data that might be used in supporting need calculations.

Labor market information is involved in both exogenous and endogenous effects. In addition to being an important independent variable that must be considered in planning and assessment, the state of the labor market can be considered as a dependent variable that reflects, as part of its movement, the impact of the operating programs. In this short study, we have not been able to develop a set of variables from existing data that are applicable across all prime sponsor areas or that we could soundly recommend for planning, evaluation and impact use. However, much of the raw material is available to accomplish this.

The material below characterizes the stocks and flows of interest and comments on the availability of the data. Further research is needed in this area.

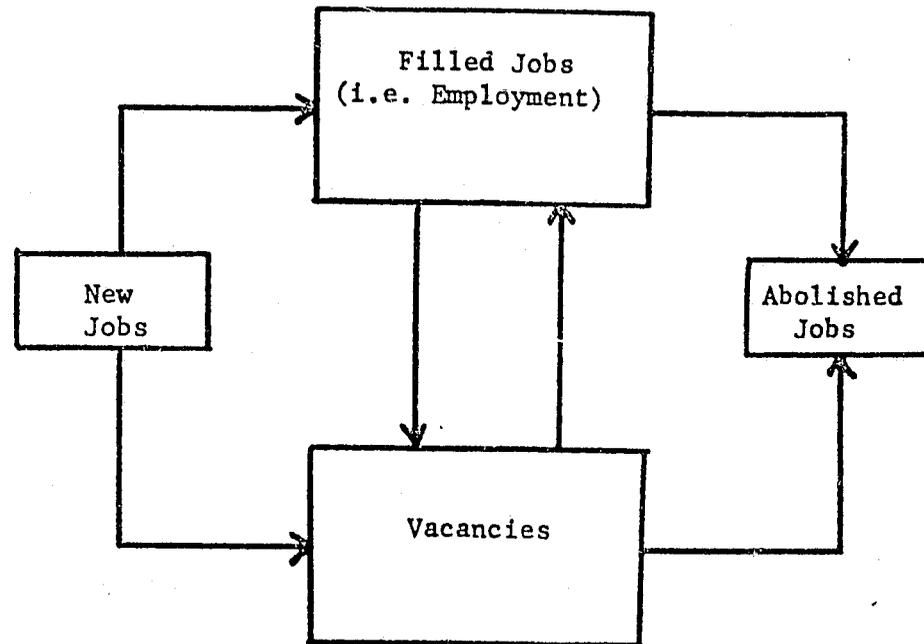
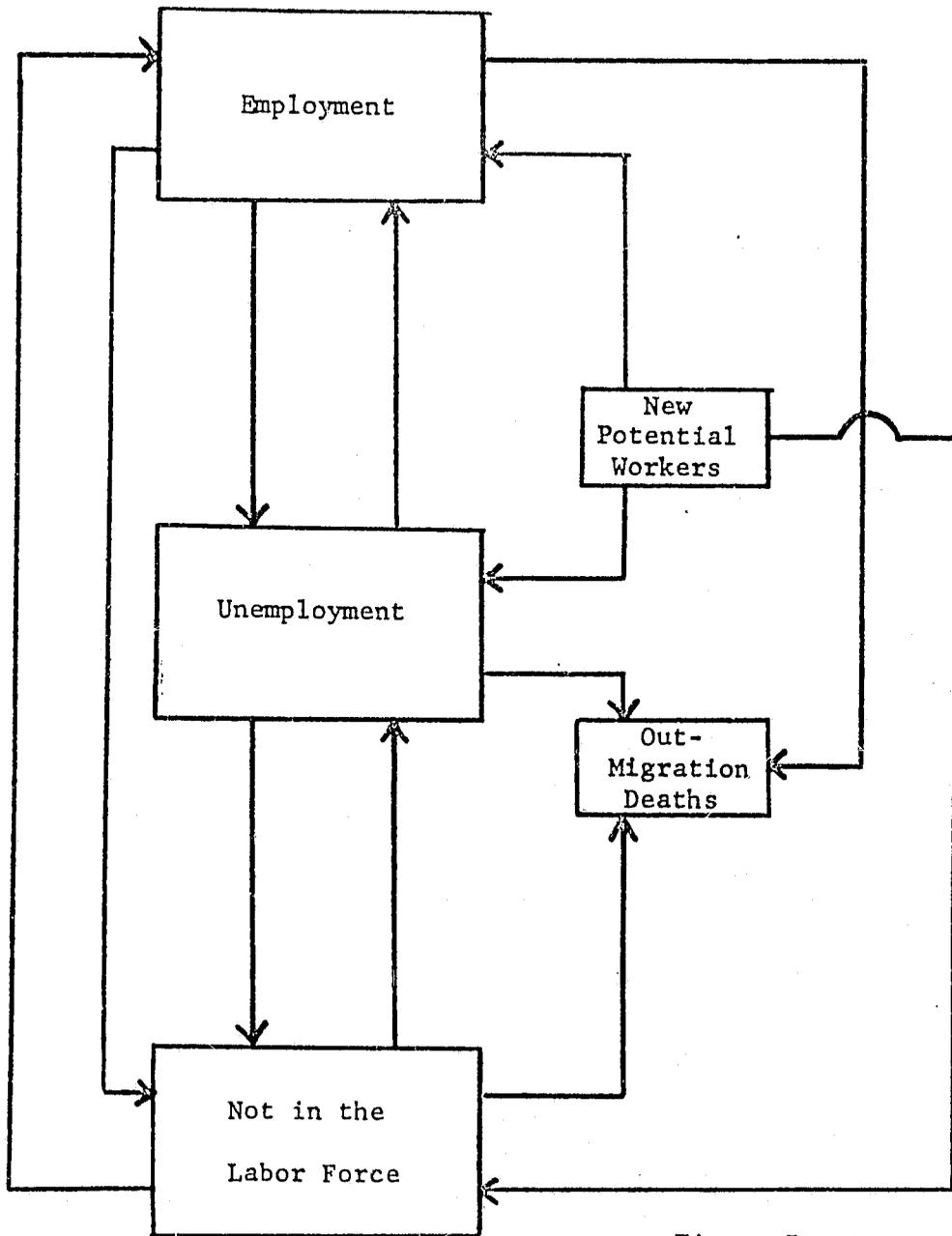
2. Characterizing the Stocks and Flows

Figure 7 shows schematically the most important stocks and flows in a labor market. Each box represents a stock. Each line represents a flow from one stock to another. For example, at each point in time there is a set of people employed. Between that point and the next, a certain number of the employed become unemployed, leave the labor force, retire, migrate, etc. At the next point in time they belong to a new stock.

In addition to knowing the size of the stocks and flows described above, it would be helpful to know the composition of the stock items-- employment, unemployment, not in the labor force, jobs, and vacancies-- by education, occupation, income, race (except for vacancies), sex

Population-Employment Account

Jobs Account



VI-25

Figure 7. Labor Market Stocks and Flows

(except for vacancies), and age (except for vacancies). This information will provide the local planner with much more detailed information than is available from the stocks and flows alone. For example, the evaluation system may tell the planner that in another area with similar labor market conditions, a training program for welders was highly successful in raising wages for black men in their twenties. However, it is necessary for the local planner to know the present and expected level of vacancies in welding in his area before proceeding. It is not even enough that overall labor market conditions are similar.

If a local prime sponsor had good information on the size and composition of the stocks and flows in Figure 7, he would have a fairly complete picture of labor market conditions prevailing at that time.

3. Availability of the Data

At present, it is not possible for every prime sponsor to obtain all the information in these stocks and flows. All the variables discussed earlier as capsulizing labor market conditions and thus being an essential part of each piece of evaluative information are not available for some labor market areas. However, information on many of the items is readily available, but in varying forms and degrees of reliability.

Although it is not possible in the confines of this report either to give a complete critical evaluation of the present labor market information system or to propose a new or altered system to substitute for the existing one, some general comments about the elements of the present system and some suggestions for improvements can be given.

Population surveys are a good way to get the information outlined in the Population-Employment account. They have the critical advantage of complete coverage (at least in theory), whereas data solicited from employers or inferred from unemployment insurance claims both omit some sections of the population. Unfortunately, population surveys are expensive. The only national labor force survey regularly conducted is the Current Population Survey--a survey not specifically designed for obtaining estimates of variables at the metropolitan labor market level. For example, in 1967, the CPS reveals that the chances are 9 out of 10 that Newark's unemployment rate lay between 3.9% and 5.1%.^{1/} (For smaller labor market areas, the range would be even larger.) Thus, useful estimates of unemployment can be obtained from the CPS only for the largest metropolitan areas.

An imperfect substitute for a set of sub-national CPS' is the use of the existing unemployment estimates produced by the local employment security offices. At present, these estimates can be used to calculate

^{1/} Paul Elaim, "Jobless Trends in 20 Large Metropolitan Areas," Monthly Labor Review (May 1968, p. A-4).

the stocks of employment, unemployment, and not in the labor force. In addition, there is computed an estimate of the flow of new potential workers and re-entrants into the labor force into unemployment. ^{1/} With a little additional effort, techniques could be developed to obtain estimates of the flow from employment to unemployment and the flow between unemployment and employment. It would also be possible to disaggregate these stocks and flows by occupation.

The major drawback of this source of data is that the estimates are derived from unemployment insurance claims filed by former workers in covered employment. Not all employers are covered by unemployment insurance. Furthermore, not all employees of covered employers are eligible for benefits. Not all covered employees apply for benefits. Finally, benefits do not last indefinitely. Thus, the estimate of total unemployment has to be based upon assumptions about the relationship between covered unemployment and non-covered unemployment. (Details of the estimation process are given in the Handbook cited above.) Nevertheless, for the smaller SMSA's and the labor markets outside of SMSA's, these estimates are some of the best available and should be used.

Surveys of employers, which are conducted by the Labor Department, yield estimates of employment disaggregated by industry for an area. Results are reported in Employment and Earnings and Monthly Report on the Labor Force, published by the Bureau of Labor Statistics. This series, thus, provides time series on one of the most important stocks in both the Population-Employment Account and the Jobs Account.

The new job vacancy surveys (JOLTS), in combination with the already existing employment data collected from employers, provide much of the data needed for the Jobs Account. However, the geographic and employer coverage is limited. There is coverage of the manufacturing sector for 50 metropolitan areas. Coverage of the entire nonagricultural sector is limited to 26 of the largest metropolitan areas. For 17 of these 26 an occupational breakdown is available. The data collected permit estimates to be made of the stocks of filled jobs and vacancies, the flow of new job creation into filled jobs and vacancies, the flow of hires, the flow of quits and the flow of layoffs. It should be possible to derive estimates of total vacancies from the estimates of nonagricultural or manufacturing vacancies.

For the remainder of the labor market areas, it may be possible to at least identify occupations in which employment is growing rapidly. The Bureau of Labor Statistics publishes periodically a national industry-occupation employment matrix. This matrix permits estimates of employment by occupation to be made from statistics on employment by industry (which,

^{1/} See USDL, "Estimating Unemployment," Employment Security Research Methods Handbook Series (March 1960), pp. 35-36, and revisions updating this document.

as we noted above, are available by labor market areas). Unfortunately, it is clear that the occupational structure of each industry's employment will not be the same in every labor market area. (For example, in high-wage areas more capital-intensive means of production may be used than in low-wage areas. This may lead to relatively high-skilled labor being used to operate sophisticated machines in the high-wage area, while in the low-wage area, less skilled labor can be used to operate the simpler machines.)

There are three ways that a correction may be made for this error. The first is to use as a benchmark the employment data by industry and occupation for SMSA's which will be provided by the 1970 Census of Population. The second is to use the job orders data collected by the Employment Service to obtain estimates of employment by occupation by industry on an on-going basis. The third way is to use Skill Surveys for this purpose.

The 1970 Census will provide valuable data on employment by occupation and industry. Unfortunately, they will be two years old by the time they are available and will grow progressively older as the decade proceeds. There is no guarantee that the increases in employment in a particular industry will have the same occupational distribution as the total current employment. Thus, the Census data will become progressively less valuable as they age.

The Employment Service job orders are a non-random sample of employers. In short, they are employers who use the Employment Service. There is no reason to believe that the occupational structure of their vacancies is the same as the occupational structure of other employers. In fact, since the Employment Service has been concentrating on helping the disadvantaged, it is likely that employers utilizing the Employment Service probably have a rather high percentage of low-skilled job openings.

Skill Surveys collect data on employment and expected vacancies from selected samples of employers. ^{1/} However, these surveys are conducted at irregular and infrequent intervals using varied sampling procedures. Thus, they too are likely to be biased.

It might be possible, however, to integrate the local data on employment by industry, the national industry-occupation matrix, the 1970 Census data, the job order data, and the Skill Survey data in such a way as to obtain estimates of employment growth by occupation for the smaller labor market areas. Setting up the procedure for doing this is a formidable research task which is beyond the scope of the effort available for this study.

^{1/} See USDL, "Area Skill Survey," Handbook on Employment Security Job Market Research Methods (BES E-252, November 1965), for a description.

To sum up, the raw material for many of the estimates of the level of unemployment, the level of vacancies (or the rate of growth of employment), the size of the labor force, and the level of vacancies by occupation (or the rate growth of employment by occupation)--the critical variables which capsule labor market conditions in areas--are available in some form for many of the labor market areas. Considerable work needs to be done to fully utilize the data, however.

4. Universe of Need Data

The best single source of data on the economic and social well-being of clients is the 1970 Census of Population. The Sixth Count tapes of the Census should provide tabulations of family income for all Standard Metropolitan Statistical Areas. Since final specifications for the Sixth Count have not yet been made by the Census Bureau, it is probably not worth speculating at length about the differences between the precise format needed and the likely format of the Census tabulations. (One major difference is likely to be the choice of unit of analysis. The Census will probably produce tabulations of family income by family-heads and unrelated individuals whereas the tabulations needed may be tabulations of family income by wage earner).

Unfortunately, the 1970 Census results can only be a temporary substitute for the need calculations. The data will be increasingly out of date as time passes. However, using the 1970 figures as a base, it should be possible to update them on the basis of national and local statistics on population and income which are available on a regular basis. These estimates could be made utilizing similar techniques to those used in the current Universe of Need calculations described in pp. 12-26 of the AMPR instruction sheets. 1/

1/ USDL, "Annual Manpower Planning Report," Reports and Analysis Letter No. 683 (May 25, 1970).

VII. THE EVALUATION SYSTEM DESIGN AND METHODOLOGY

A. Introduction

This chapter describes in two ways the evaluation comparisons to be made. First, they are described as part of the system of interdependent activities necessary to administer a decentralized, decategorized, comprehensive manpower program. Then, the methodology for making these comparisons is given along with the time period over which outputs of increasing usefulness may be expected to become available.

The preceding chapters have covered the coordination actions necessary in various areas of administration, planning, and reporting to operate such a manpower system, and provide an evaluable set of programs. This chapter discusses the method of making the evaluations and the following chapter contains recommended assignments for various parts of the effort within the Manpower Administration.

B. Conclusions and Recommendations

There are two kinds of evaluations that should receive the highest priority: relative effectiveness evaluation of service sequences and plan versus performance evaluation. Both of these should be supported principally by data taken from the planning and reporting systems. The conclusions and recommendations are summarized below by administrative level.

1. National Level

Four types of recommended evaluations can be carried out most effectively at the national level and disseminated to support administrative functions: relative effectiveness, impact and component evaluations and prime sponsor rating.

a. The first and most important type of analysis is a comparison of the relative success of specific service sequences (type of interventions in the labor market), given the specific types of applicants served and the specific types of local labor market conditions in which the program operated. In the report, this is called relative effectiveness evaluation. Information about the relative success of different services under different conditions will be required for developing program guidelines at the national level, for assessing the prime sponsor's plans at the regional level, and for allocating funds among the different projects by the prime sponsors (State or local).

b. The comparison of the success of applicants who have received manpower services with comparable people who have not received these services is also important in order to determine the absolute effects of the manpower programs on those receiving services. This type of evaluation has been one of the more traditional analyses carried out with categorical programs. However, as categorical restrictions are removed, impact evaluation becomes informative only when closely coupled with relative effectiveness evaluation, especially in the selection of the comparison groups.

c. A third type of analysis that should be conducted at the national level is to determine the degree to which the success of particular service sequences are dependent upon the changes in skill and educational levels brought about by particular services (components) in that sequence. In the report, this is called component evaluation. Determining which of the services in a sequence are critical to the success of that sequence will be necessary for program development and improvement. An essential part of

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component evaluation is the need to develop standardized means of measuring skill levels and educational achievement and the consistent use of these measurement tools by the subcontractors.

d. If the Manpower Administration chooses or is required to allocate some portion of its funds on the basis of an overall judgment of the prime sponsors' past performance, instead of considering success service sequence by service sequence, then information to be used in the comparisons between prime sponsors should be collected at the national level. As with the other types of evaluations just described, a national population of prime sponsors probably will be required in the analysis in order to ensure that equitable comparisons are made. Our research indicates that several years may pass before any sound basis for collapsing the performance of a prime sponsor onto a single index or number exists. A great deal of informed judgment on the part of the regional offices may be required in the interim. A more useful way of considering performance may be in examining each prime sponsor's plan on a service sequence by service sequence basis during plan assessment to determine what he has done well and poorly.

e. With a decrease in categorical restrictions, many of the categorical program definitions will no longer be appropriate for analysis purposes. Consequently, the need for standardized generic definitions and categories of "service sequences," "components," "applicant groups," etc., becomes essential for program development and for evaluation.

f. Applicant data for these types of evaluation should be sampled from a standardized reporting system developed and maintained within the manpower system. The reporting requirements should be part of the contractual agreement with prime sponsors. However, the contract for obtaining follow-up data should be separate from that given to prime sponsors and coordinated with the OMDS effort to use national data. Follow-up data could then be used as a validity check against the data submitted by the prime sponsor as well as contributing important data for evaluation.

2. Regional Offices

Evaluation information can be used by the regional offices to perform at least two major administrative functions: (1) the assessment of the prime sponsor's plan (leading to changes, modification, and approval) and (2) the monitoring of performance as the plan is being implemented to detect when technical assistance is required or possibly to deobligate funds. To support these functions, we recommend that the evaluation system provide the regional offices with:

- The capability to compare actual flow data with planned flow data for each prime sponsor in the region, in order to detect serious problems as the plans are being implemented. In the report, this type of reporting is part of a planning and control system and the comparisons are referred to as plan versus performance evaluation.

- The data processing support to accumulate and compute success ratios (final performance against plans) on these flow data once the implementation is complete. This information will be used to judge the feasibility of a prime sponsor's new plan. (Also part of plan versus performance evaluation.)
- A means for retrieving from the national evaluation system the probable success ratios, the variance, and the cost of employing a particular service sequence for each type of applicant group the prime sponsor intends to serve in the particular local labor market conditions in which the prime sponsor will be operating. This information will be used to judge the effectiveness and efficiency of a prime sponsor's plan.
- A means to retrieve from the national evaluation system information on which to base a system of rating prime sponsors on overall performance, if it is decided that some amount of funds will be allocated based on a total performance measure.

3. Prime Sponsor (State and Local Level)

Evaluation information can be used by the prime sponsor to perform at least two major administrative functions: (1) to help manage his contractors as the plan is being implemented and (2) to obtain success ratios to aid the development of future program planning and resource allocation. To support these functions, we recommend that the evaluation system provide the local prime sponsors with:

- The capability to compare actual performance data with planned performance data, in order to detect problems in his own operation and in the performance of particular contractors as the plan is being implemented.
- The data processing support to accumulate and compute success ratios on flow and performance data once the implementation is complete, for use in designing a more feasible plan for the next phase.
- A means for retrieving from the national evaluation system, the probable success ratios, the variance, and the cost of employing a particular service sequence for each target group in the prime sponsor's particular local labor market conditions. This information will be useful for designing a more effective and efficient plan for the next phase.

C. Overview of the Evaluation System

1. Introduction: Measurement, Comparisons, and Uses

Evaluation is characterized by: (1) the measurements taken of the program implementation, (2) the comparisons that are made using these measures, and (3) the uses that are made of these comparisons. Including the uses of evaluation in an evaluation design is simply another way of saying that the types of measurements that are appropriate to make, and the types of comparisons that will provide useful information for managing a comprehensive manpower program, will depend upon the administrative functions that must be performed in the management system. The types of evaluation information actually needed are those that support these administrative functions. The following diagram illustrates this continuous process.

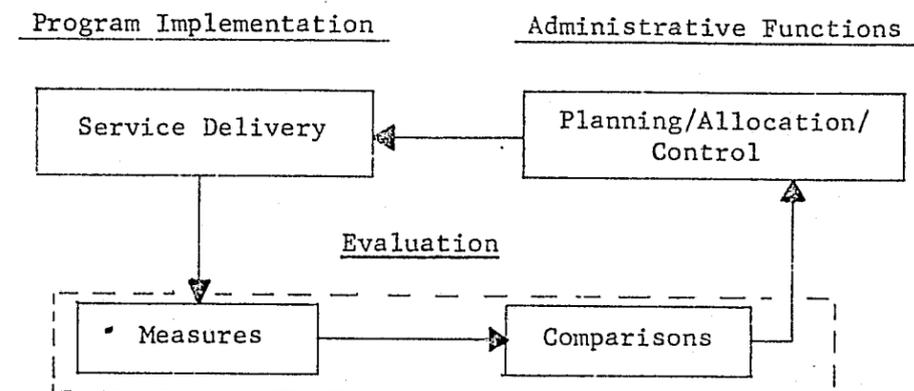


Figure 1. The Context of Evaluation

While this chapter will deal primarily with the comparisons to be made, it is important to realize that the evaluation system described in this report involves all of the interrelationships of measurement, comparisons, and uses shown in Figure 2.

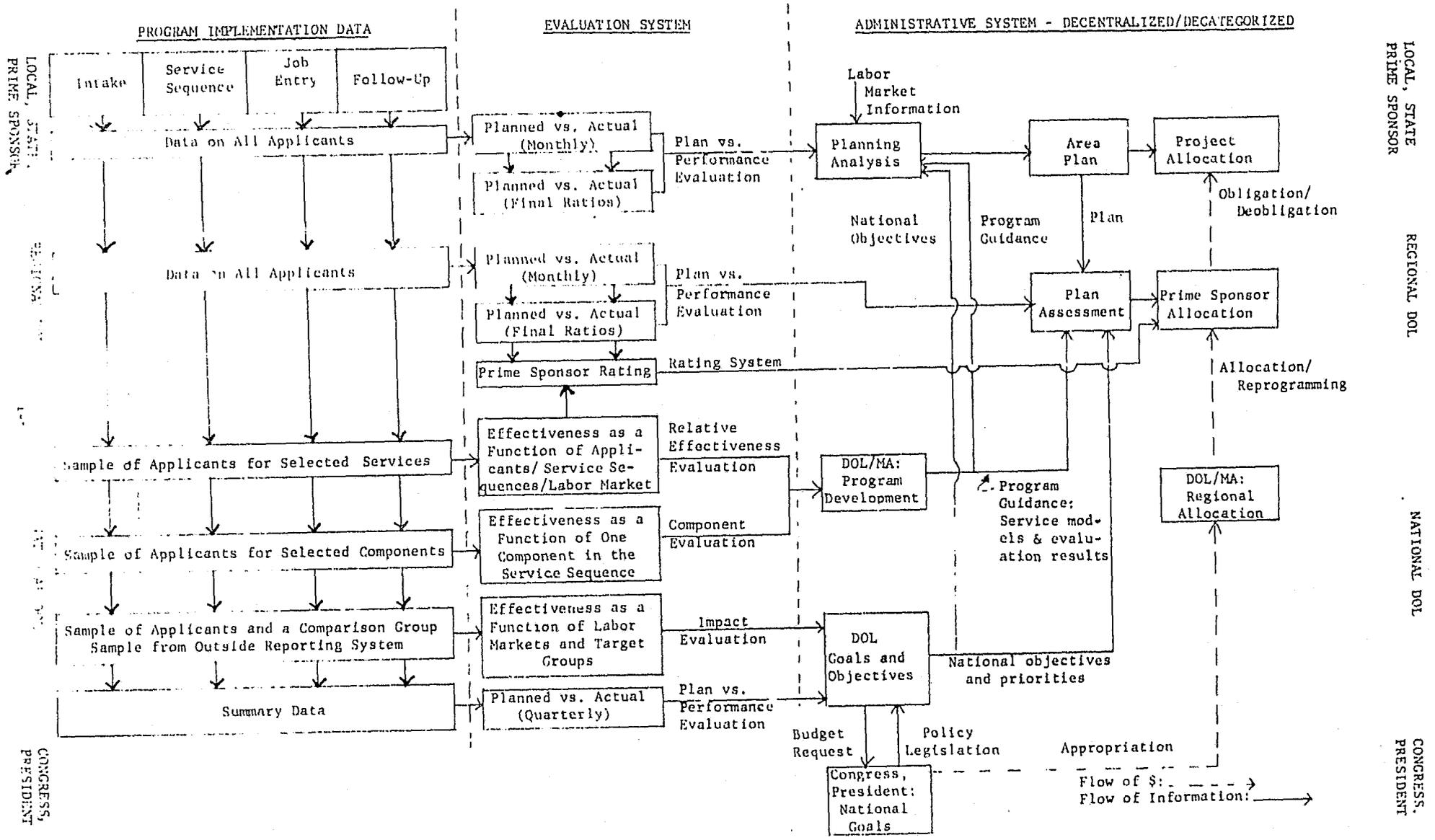


Figure 2. Schematic Diagram of Proposed DOL Evaluation System

Figure 2 is a simplified diagram of the evaluation philosophy applied to a decentralized, decategorized, comprehensive manpower program. It shows the measures of the service delivery process to be obtained from the delivery of manpower services (left side of diagram); the comparisons and relationships to be made with these measures at each level of the manpower system (center of the diagram); and the planning, allocation, and control process that the evaluation information will support (right side of diagram).

Planning and plan content (including a characterization of service delivery) was developed in Chapter V. The reporting shown on the left side of Figure 2 was described in Chapter VI. The functions of the administrative system and its needs for the results from evaluation (at the right of the figure) were derived in Chapter III and Appendix 1. The recommended assignments of responsibilities to agencies within the Manpower Administration follows in Chapter VIII.

The comparisons shown in the diagram cannot all be made at the present time, due to incompleteness in the planning process, in the reporting system, and in coordination between various offices now performing most of the necessary functions. The diagram shows the direction in which the evaluation system is expected to evolve as more decategorization takes place, rather than to depict a system that can be entirely implemented in the next year. We will describe the parts of this system that are practical to implement at the present time by building upon the existing planning procedures and reporting systems.

In this overview of the system, we shall first summarize the measurement information to be used in comparisons, then the uses of the comparisons, and then discuss the comparisons themselves. The section following the overview will then discuss each comparison in more detail.

2. Measurement Information for the Comparisons

a. Information from Service Delivery

Six types of information can be generated from the process of service delivery:

- Basic Applicant Data--Demographic and characteristic data of the applicant generally taken at intake.
- Characteristics of Jobs--Giving an indication of the types of jobs being filled.
- Process Flow Data--The flow of applicants through the components and service sequences of the service delivery unit.

CONTINUED

2 OF 3

- Component Results--The changes in characteristics of applicants or jobs as a direct result of service delivery.
- Effectiveness Measures--The post program success of the applicant in the labor market compared to his previous success.
- Cost of Each Service Sequence.

All of these, except component results and the service sequence cost, now exist in some form in most of the present systems (see Chapter VI).

b. Information from the Plans

It is recommended that each path through the service delivery system be characterized as a service sequence acting upon an applicant as he moves through the local system from initial contact to final contact. Any well defined unit or service in this service sequence is called a component. Each particular service sequence is distinguished from other types by the manner in which it intervenes in the labor market process. This characterization of service delivery has the advantage of being similar to existing models and can be described by the current reporting system.

The plan describes the prime sponsor program in terms of these service sequences, allowing plans to be compared with performance. The plan (Chapter V describes the plan) presents:

- A description of the various service sequences selected and their components, a description of the applicants to be processed through each service sequence, and a description of the jobs to be filled by each service sequence. (Contractors responsible for the components in a sequence are identified along with their performance criteria.)
- An expansion of the above description into time-phased (monthly) projects of applicant flow for each service sequence and component and the aggregated process flow schedule for the entire prime sponsor program.
- The cost of the program subdivided by process sequence and phased over time.
- Projected values of the effectiveness expected to be achieved.

c. Other Information

In addition to the information above, two types of information are required from outside the service delivery system. These are local labor market information and information from selected comparison groups where these are to be used.

3. Uses of the Evaluation

In Chapter III, the major uses of evaluation information as shown on Figure 2 were derived. These are summarized in Table 1 along with the supporting evaluation information. Figure 2 indicates the comparisons that produce this evaluation information. These include both performance (plan versus actual) comparisons and comparisons of relative effectiveness.

The effectiveness measures recommended for use in relative effectiveness evaluation are all related to the impact of manpower programs on the applicants for services. The proposed evaluation system does not include methods for assessing the impact of these programs on the total target population or the effects upon national measures such as unemployment or inflation. Chapter IV has described some of the unknown relationships between manpower program objectives and labor market objectives or national goals and discussed these broader research problems. However, a discussion of the appropriate methods for conducting such research is considerably beyond the scope of this chapter. Here, we are interested in determining the relationship between various local allocations of effort and the impact on the applicants who are provided those services--the direct effect of the programs on the applicants. Information about the direct effect of programs on applicants is necessary for planning, allocation, and proper management at all levels of the manpower system and also as a first step towards the discovery of the broader relationships discussed in Chapter IV.

Although the types of data described above are generally available in the reporting systems, a common set of data must be used to make comparisons and establish particular relationships for different levels in the Manpower System. This alone indicates the importance of using the same definitional structure in both planning and reporting of all programs. When this is done, performance (planned versus actual) comparisons can be made at various levels of aggregation for the prime sponsors programs.

The remainder of this section covers each of the comparisons that should be conducted for use at each level of the system as shown in Figure 2.

TABLE 1.--ADMINISTRATIVE FUNCTIONS IN A DECENTRALIZED MANPOWER PROGRAM AND THE NEEDED EVALUATION INFORMATION

Administrative Functions	Supporting Evaluation Information
<u>NATIONAL LEVEL</u>	
A. Setting objectives and reporting to Congress.	A ₁ . Types of applicants served compared to distributional goals. A ₂ . Funds spent compared to funds allocated. A ₃ . Success achieved in comparison with people not provided services.
B. Regional allocation on prime sponsor performance	B. Performance rating of prime sponsors by regions.
C. Reprogramming	C. Funds spent compared to funds allocated.
D. Program development of services and service delivery models	D ₁ . Relative expected success of particular service sequences. D ₂ . Success achieved in comparison to people not provided services. D ₃ . Relative contribution of particular components to the success of service sequence. D ₄ . Comparison of actual performance with planned performance at each step in the delivery of service.
<u>REGIONAL LEVEL</u>	
A. Assessment of feasibility of plans	A. Comparison of actual performance with last year's planned performance at each step of the delivery of services.
B. Assessment of projected effectiveness and efficiency of plans	B. Relative expected success of particular service sequences.
C. Allocation among prime sponsors based on performance	C. Performance rating of prime sponsors.
D. Deobligation and reprogramming	D. Comparison of funds spent to funds allocated as plans are being implemented.
E. Technical assistance to prime sponsors	E. Comparison of actual performance with planned performance as the plans are being implemented.
F. Compliance of prime sponsors to national objectives and priorities	F. Types of applicants served and results achieved compared to distributional goals.
<u>PRIME SPONSOR LEVEL</u>	
A. Planning analysis	A ₁ . Relative expected success of particular service sequences under given local labor market conditions. A ₂ . Success ratios between actual performance and planned performance at each step in the previous implementation phase.
B. Allocation among projects	B. Relative expected success of particular projects and subcontractors.
C. Deobligation of subcontractors and reprogramming	C. Comparison of funds spent as plans are being implemented to funds allocated.
D. Technical assistance to subcontractors	D. Comparison of actual performance with planned performance as plans are being implemented.

4. The Comparisons to be Made

a. At the National Level

Figure 2 shows four types of comparison information required at the national level. These are evaluations of (1) relative effectiveness of service sequences, (2) effectiveness of component results, (3) effectiveness compared to comparison groups, and (4) planned versus actual performance. Chapter IV describes a number of types of service sequence interventions and also develops appropriate measures of effectiveness.

(1) Relative effectiveness evaluation. Service sequence relative effectiveness evaluation attempts to find functional relationships between types of applicants, types of labor markets, and types of service sequences as one set of variables in order to determine what sequences work best under what conditions. This type of analysis can be accomplished more effectively at the national level because of the larger number and variety of service sequences from which to select.

The purpose of this type of analysis is to determine particular success ratios for a variety of sequences to help in prime sponsor planning analysis, regional office plan assessment, and for national level program development. The use of national evaluation information for allocation and for plan assessment represents an expansion over its use in the past, where its primary objective was program development and improvement. Program development and improvement will, of course, remain an important function for evaluation support.

Relative effectiveness evaluation of the service sequences is the most important type of evaluation to be conducted at the national level. In the past with categorical programs, the major concern for evaluation was whether or not the people in a program profited from the services delivered as compared to similar types of people not in that program. From our investigation of these evaluations, useful though limited information was obtained because the categorical restrictions on entrance requirements and/or services, along with the program guidelines developed at the national level, made all the projects within a program more or less similar in the sense of the strategy employed. With increased decategorization, each prime sponsor can, at least in theory, develop his own service sequence or sequences. The main concern for evaluation then will be to determine which service sequences developed by different prime sponsors are most effective for which groups of people under what conditions, and which service sequences are not effective. For this type of evaluation, the description of the sequences employed by different prime sponsors, the characteristics of the applicant groups, and the description of the labor market will be as important to obtain as the measurements of effectiveness.

(2) Component evaluation. The purpose of each component in a service sequence is to change particular job related characteristics of the applicant (i.e., educational levels, skill levels, attitudes) in order to increase his probability of employment or to change job requirements to be more lenient (i.e., removing barriers to employment by negotiating with employers). The result measures for these components are the amount of change produced in the educational levels, skill levels, or job barriers. The purpose of evaluating service delivery components is to determine how much of the variance in service sequence relative effectiveness (determined by such measures of changes in wage rates, incomes, etc.) can be related to the effectiveness of particular components (determined by such measures as changes in particular skill levels). This type of information is essential for making improvements in particular service sequences.

It should be mentioned that the "output" measures for the component evaluation (i.e., changes in educational level or changes in particular skill level) could become "input" measures for relative effectiveness evaluation. The reason for this is that the delivery of services is a sequential series of events, and the designation of certain measures as "inputs and outputs" or as "independent and dependent" variables depends upon the particular relationships between the events in the series in which one is interested.

For relative effectiveness evaluation, sequences should be selected from the plan summaries that will be developed for submission to the regional level. If the population of applicants is large enough, data should be obtained on a sample of the applicants receiving services under each sequence of interest. For component evaluation, applicants should be sampled from similar components across a number of sequences. Both of these types of evaluations are described in more detail in Part D of this chapter along with the ways the information could be used for plan assessment and for program improvement.

(3) Effectiveness as function of labor markets and target groups. In conjunction with relative effectiveness evaluation, it is also useful to make comparisons with a population similar to the applicant groups but who have not experienced manpower services. While this type of comparison ^{1/} is not as important as the comparison among sequences, it will provide information about the extent to which other variables influence effectiveness and will enhance the usefulness of the results of the relative effectiveness evaluation.

The methodology for impact evaluation is essentially the same as that for relative effectiveness evaluation. The major change is the introduction of a comparison group into the analysis. When different strategies

^{1/} Program impact evaluation as defined in Federal Evaluation Policy, Joseph S. Wholey, et al., The Urban Institute, June 1970.

are compared in relative effectiveness evaluation, the effectiveness measured can only be interpreted in relative terms. The addition of a comparison group in the analysis will allow one to make some estimates about absolute effectiveness as well as the influence of exogenous variables.

(4) Planned vs. actual performance. Finally, administrative monitoring of the regions is an essential part of national evaluation in a decentralized program. The Office of the Deputy Manpower Administrator is in the process of implementing a new Interim Operational Planning and Control System (OPCS) for that purpose. This type of monitoring is in terms of the performance in expending program funds and in terms of placements and wages. While OPCS is to be implemented with the present categorical programs, it could readily be expanded to a more decategorized system and a wider set of measures, if these become available. Under the common definitional system recommended, any combination of the measurements discussed could be aggregated for national use and produced from the reporting data base.

b. Comparison at the Regional Level

As shown in Figure 2, there are three types of comparison information that may be required at the regional level: (1) the planned vs. actual information as the plans are being implemented; (2) the final success ratios ^{1/} of each step in the implementation of the plans; and (3) the rating of prime sponsors on their overall performance.

(1). Planned vs. actual performance. Comparisons between the planned estimates and the actual performance for each prime sponsor as the plan is being implemented are needed at the regional level for monitoring and assisting the prime sponsors. For management purposes, it may only be necessary to react to the planned and actual figures when they deviate by some predetermined amount (a "warning light" system such as that used in the present CEP system). This exception reporting would be used for early warning and routine management at the regional level mainly to detect problem areas and to take certain types of corrective actions (such as site visits, providing technical assistance, or possibly for deobligating or reprogramming funds) as the plan is being implemented. The warning light system should be supplemented by the more traditional on-site monitoring which attempts to determine the cause of deviations and recommend corrective actions.

A second use of these comparison data would be for plan assessment. The negotiation for changes in the plan, the final approval of a plan, and amendments made to the approved plan during the course of the implementation cycle appear to be the major functions for which the regional office will be responsible.

^{1/} The percent of the planned estimates actually achieved.

The plan assessment function is particularly important under a decentralized and decategorized program. One of the major means by which national control can be exercised over decentralized or decategorized manpower programs is through the assessment of the adequacy and feasibility of the plans developed by the prime sponsors, approval of or changes in the allocation of funds, and the approval of the revised plan that will result from this process.

(2) Planned vs. actual (final ratios). In order to judge the feasibility of a plan, the regional office will require an assessment of the reasonableness of the planning factors used by the prime sponsor in the development of the plan. The ratio of planned success to actual success accomplished at different steps in the delivery of services during implementation of that prime sponsor's last plan will provide such information. The procedure for using these success ratios to help judge the feasibility of a plan is discussed in Part D of this section. In order to judge the effectiveness and the efficiency of the strategies included in the plan, a capability will also be required to retrieve relative effectiveness evaluation data from the national evaluation system.

(3) Prime sponsor rating. If some funds are to be allocated among prime sponsors on this basis of their past performance, then some type of comparison of sponsors based on an overall assessment of their performance (shown as prime sponsors' rating in Figure 2) will be required for use at the regional level.

For the rating system, the new requirement would be the need for an overall score for each prime sponsor. This would require collapsing performance across all service sequences and short-term effectiveness measures while clustering prime sponsors by labor market environment and applicant groups served. The formidable job in doing this, of course, is the determination of the weight to be given each of the functions that a prime sponsor performs so that the composite comparisons are considered to be equitable. A composite score may obscure the fact that both good and bad service sequences may be operated by the same prime sponsor in the same local area.

c. Comparison at the Prime Sponsor Level (State or Local)

At the prime sponsor level, the major comparisons are between the estimates in their comprehensive manpower plan and the actual performance figures as the plan is being implemented and at the end of the implementation cycle. The degree to which planned figures match the actual performance figures shows the degree to which the prime sponsors were able to make good the estimates of success made in constructing their plan. This comparison is shown in the upper box in the center column in Figure 2. Also shown is the fact that data on all applicants are required for this comparison and that the comparison information is used for management and for planning analysis by the prime sponsor.

The comparison of planned and actual figures as the plan is being implemented will provide information to the prime sponsor for managing the different subcontractors. The same comparison computed at the end of the implementation cycle can provide information for the prime sponsor's success ratios for use in the next planning cycle. As the national relative effectiveness evaluation comparisons (described above) produce service sequence effectiveness information, this national information will supplement the local project evaluations by including comparisons over a broad range of prime sponsors and among a greater variety of service sequences. The use of evaluation information by a prime sponsor for allocation purposes is discussed in Chapter V with an example given in Appendix 3.

We are now ready to consider the more important comparisons in detail.

D. Evaluation: Methodology

1. Evaluation at the National Level

A number of the administrative actions taken by the prime sponsor, by the regional office and at the national level (as discussed in Chapter III) require evaluation information that can be developed most effectively at the national level. For example, information about the effectiveness and efficiency of particular service sequences can be used by both the prime sponsor in the development of plans and by the regional office in the assessment of those plans. At the national level the development of guidelines for dissemination to the prime sponsors will require information about the effectiveness of both service sequences and components of those sequences.

Monitoring of the regional offices will be required at the national level in order to hold these offices accountable for fiscal and administrative responsibilities. The discussion in this section will, however, place particular emphasis on effectiveness and component evaluations. A reasonable start on an adequate regional monitoring system^{1/} has already begun and thus requires less discussion.

a. Relative Effectiveness of Service Sequences

The purpose of conducting an analysis of different service sequences is to obtain better estimates of the relative success that can be expected for each of these sequences; that is, what is the probability of changing the labor market status of particular types of applicants in particular types of labor market settings by providing them with particular types of manpower services?

In Chapter V we have defined a service sequence as the sequence of services provided an applicant from intake through placement with an intent to intervene in the labor market in a particular way. Any well defined portion of a sequence was termed a component. Chapter IV discusses some examples of intervention into the labor market along with the appropriate effectiveness measures for each type. The reason service sequence relative effectiveness evaluation can be done more effectively at the national level is the need to have a large population of sequences from which to choose if statistically valid results are to be obtained.

It would be contrary to the concept of decategorization and decentralization to tightly control the application of various service delivery sequences in systematic ways (except perhaps on a very small scale) without

^{1/} Interim Operational Planning and Control System.

knowledge of the effectiveness of those strategies.^{1/} Because of this, the evaluation system must be designed mainly to capitalize on the fortuitous variations in service sequences in a variety of economic settings that presumably will occur. If proper evaluation designs are formulated, this variation in the selection of sequences and components by various prime sponsors can be used to detect which sequences are the most effective under particular conditions.

The need to define sequences and to identify and group applicants together who have experienced similar sequences for this type of evaluation is not a trivial matter--and becomes increasingly difficult as fewer categorical restrictions are imposed from the national level. This requirement adds a new dimension to the design of manpower program evaluations as more decategorization occurs. At present, the input or independent variables for evaluation studies are usually defined by the categorical restrictions of a program (such as WIN, MDTA-Institutional, NYC, etc.). All applicants under these categorical programs are assumed, more or less, to have experienced similar services. With fewer categorical restrictions, however, each prime sponsor will have more authority to implement his own service sequences. Consequently, detecting and defining the sequences each prime sponsor has employed become of critical importance for this type of evaluation.

(1) Methods of Analysis

We explained in the overview section that evaluations can be best characterized by the types of measurements that are taken of the process being evaluated and the comparisons that are made using these measures. The appropriate measures for evaluation of the relative effectiveness of service sequences are developed in Chapter IV. These effectiveness measures were selected on the basis of their potential relationship to both national goals and local objectives. The measures are:

Change in Wage Rate -- Hourly income at Job Entry Completion minus last hourly income on a full-time job before enrollment.

Change in Earned Income -- Earned income over the 12 month period following Job Entry minus Earned Income over the 12 month period preceding enrollment.

Change in Unearned Income -- Unearned Income over the 12 month period following Job Entry minus Unearned Income over the 12 month period preceding enrollment.

^{1/} However, we would recommend as much experimentation as is practical. The chance of detecting important relationships between sequences and output measures could be greatly enhanced by introducing some controlled experimentation into demonstration programs planned at the national level.

Job Stability Measures:

- Number of jobs in 12 month period preceding enrollment minus number of jobs in 12 month period following Job Entry.
- Time Unemployed (but looking for work) in 12 month period preceding enrollment minus time unemployed (but looking for work) in 12 month period following job entry.
- Number of weeks employed full time in 12 month period preceding enrollment minus number of weeks employed full time during 12 months following Job Entry.

The variance in these effectiveness measures will be dependent upon one or more of the following factors:

- (1) Type of applicants (example descriptors discussed in Chapter VI).
- (2) Type of service sequence used (example descriptors discussed in Chapters V & VI).
- (3) Type of labor market (descriptors discussed in Chapter VI and Chapter V).
- (4) The residual source of variance attributable to the difference between prime sponsors.

For service sequence relative effectiveness evaluation, the first type of analysis should attempt to determine how much of the variance in each of the effectiveness measures can be attributed to each of these four variables. Some form of variance analysis technique could be used, since such techniques permit comparisons to be made among these four factors (or more) in all combinations.

Figure 3 shows an illustration^{1/} of how applicants might be grouped under particular categories for this type of analysis. The figure shows three types of applicants that are provided three different types of service sequences in three different types of labor markets. Each cell

^{1/} The factorial design illustration is used here only for simplicity of presentation. In practice, a number of sub-categories for each of the four major factors would probably be desirable to use and would tend to make a factorial design unmanageable. Consequently some other form of a variance analysis technique would be more appropriate. An example would be the Automatic Interaction Detection (AID) described in The Detection of Interaction Effects by John A. Sunquist and James N. Morgan, Monograph No. 34, Survey Research Center, University of Michigan.

	Labor Market Condition 3			
	Labor Market Condition 2			
	Labor Market Condition 1			
EXAMPLE APPLICANT GROUPS	Black Males age 25-40 under 8 years educ. weekly wage \$ hours per week 40	White Males age 25-40 educ. 9-11 years weekly wage \$ hours per week 40	Black Females age 25-40 educ. 9-11 years weekly wage \$ hours per week 40	
EXAMPLE SERVICE SEQUENCES				
Remedial education followed by Vocational education				
Remedial education only				
Rapid job matching				

Figure 3. Illustrations of an Analysis of Variance Design with Examples of Applicant Groups, Sequences, and Labor Markets ^{1/}

^{1/} The identification of each applicant measure in a cell by a prime sponsor adds a fourth dimension to this design.

in the figure would contain a measure of effectiveness chosen for the analysis (such as change in wage rate) for each applicant identified by that cell. A separate analysis would be required for each of the effectiveness measures just discussed. Each applicant measure within each cell also would be identified by the prime sponsor. This would make the design contain four factors and be non-symmetrical, since all prime sponsors would not be represented in all cells.

If a significant source of variance was found to be attributable to the prime sponsor residual factor, then one would know that a major determiner of effectiveness (and one that might be transferred or used by other prime sponsors) had not as yet been identified. In this case, field investigations could be conducted by more intensive analysis of some of the most effective and least effective prime sponsors for each type of sequence. By comparing these two types of prime sponsors, the field team might detect practices that could be used to refine the definitions of sequences or be included as another factor in the analysis. For example, one important factor might be the ability of the prime sponsor to manage the delivery of services. One might test this assumption by ordering prime sponsors on their flow data (i.e., the size of the deviations between planned and actual flow) and determine the extent to which the variance in the measures of effectiveness correlates with this ordering.

If significant sources of variance are found to be related to one or more of the other three variables (applicant types, sequence, labor market) then the analysis will have provided useful information that would be transferable and could be used by other prime sponsors in the development of plans and at other levels of the manpower system for plan assessment and for program development. It would be this type of information that would be incorporated into program guidance.

While variance analysis techniques will detect the significant sources of variance for each combination, these techniques will not show how much of the difference in effectiveness is attributable to each source. Once the significant sources of variance have been identified, the question of how much any factor contributes to effectiveness under different conditions can be answered through correlation and regression analysis.

(2) Cost Data

The cost of each service sequence is also important for this type of analysis. Including the cost of particular sequences is necessary in the analysis in order to make commensurable sequences that require different lengths of time and different amounts of resources. How costs should be identified, and how they should be used in an analysis of this type, is complex, and a complete discussion is beyond the scope of this paper. At the least, one should identify the cost of the sequence of services provided in each process sequence and use those costs as weighting factors in comparing the effectiveness of different sequences.

(3) Data Sources

Data necessary for conducting a significant part of the relative effectiveness evaluation should be available in a regular Manpower Administration reporting system as discussed in Chapter VI. It will be the responsibility of the evaluation agency to identify those sequences that have been implemented by enough prime sponsors and in enough different labor market conditions to justify an evaluation. These selections could be made from the plan summaries discussed in Chapter V. These plan summaries would describe each planning element (applicant group/services provided/target jobs) that each prime sponsor has implemented. A sample of applicant records from each prime sponsor selected for the analysis that conform to this planning element description would then be retrieved from the reporting system. Because the planning element summary and the actual implementation may differ to some degree, the applicant records selected for the analysis should only be those that do conform to the planning element description.

b. Comparison Group Analysis (Impact Evaluation)

The most important comparisons for relative effectiveness evaluation are based on the comparisons among different sequences. It is also useful, however, if cost permits, to obtain information about how these effectiveness measures of different sequences compare with the same measures taken for similar types of people who have not been the recipients of manpower services. Use of such comparison groups would allow one to determine if, for example, the average wage rate change for all sequences was more than, or less than, the wage rate change for the non-participating group, and would help identify the extent to which exogenous variables influenced wage rate. When different sequences are compared in the evaluation, the effectiveness measured can only be interpreted in relative terms. The addition of a comparison group in the analysis will allow one to make some estimates about absolute effectiveness.

There are, of course, many problems in the selection of a comparison group. The use of comparison groups is based on the idea that matching populations can be selected in such a way that the major difference between the groups receiving services and the comparison groups is only in the application of the services. Since we know beforehand that the matches will not be perfect, the evaluation plan must allow for the estimation of the initial differences (biases) between the two populations. Ideally, of course, one would require that eligible people be assigned randomly to service and comparison groups. For a variety of reasons, randomization is seldom attempted. For practical reasons, therefore, selection procedures with less stringent requirements must be allowed. Without randomization, control must be achieved over the characteristics of participants and non-participants by statistical methods.

The main point to be stressed is that, regardless of the method used for selection, measurements of the two groups should be taken before the "service" group is provided manpower services. This will allow determination of the major biases between the two groups so that these biases can

be accounted for in the interpretation of the results. Use of comparison groups selected after the service group has completed the program (which is characteristic of many current evaluation efforts) is a less satisfactory method because many of the characteristics on which one would like to obtain measures of bias would be expected to have changed in the service group as a result of the services received. Consequently, the possibility of measuring the bias on these characteristics has been lost.

The regular manpower reporting system cannot be expected to allow for the inclusion of information about comparison populations. It will be necessary to obtain comparison group data through some other source such as through outside contractors, and thus the cost of the evaluation could be substantially greater.

c. Component Evaluation

A second type of evaluation that should be conducted at the national level concerns the degree to which different components in the service sequence affect the success of the program. The purpose of this type of evaluation is to provide information for improving the effectiveness of the service sequences. These evaluations will provide information about the amount of variation in the measures of relative effectiveness (such as change in wage rates) that can be attributed to variations in the outputs of particular components of the service sequence (such as basic education, or institutional training); that is, to what degree does increased proficiency in certain skills or increased educational attainment correlate with the success of a particular service sequence (when a major component of that service sequence is the training in that skill)?

For this type of analysis, correlation and regression techniques would be used to determine the degree of relationship between, for example, test scores at the completion of a basic education course and particular measures of effectiveness (such as change in wage rate). It should be emphasized that this type of analysis is not attempting to determine what curriculum makes a good or poor basic education course, but rather, does a particular component (basic education to some fixed level) as part of the service sequence contribute anything to changing the labor market status of an applicant.

The regular manpower reporting systems discussed in Chapter VI cannot be expected to contain the individual test scores or proficiency measures which are the required data for component result analysis. Present reporting systems do not contain these types of data. The Manpower Administration, however, should develop standardized ways of measuring these particular skills or educational levels and require the prime sponsors to obtain and hold such measures as part of the contractual agreement. Evaluators then could sample applicants who have experienced different components (using the plan summaries as a guide in much the same way as they select sequences for an evaluation). The national evaluation team could then obtain from the prime sponsors the component data on the sample of applicants selected for analysis.

d. Refining Evaluation Techniques

In the preceding chapters, several types of effectiveness measures were developed. It is very likely that many of these measures are highly correlated. One useful type of analysis, therefore, is to determine the degree to which they are correlated. An understanding of these correlations would reduce the number of effectiveness measures required in an analysis and would also allow the substitution of short-run measures for longer-run measures.

Another type of analysis, that was briefly mentioned earlier, is to determine the correlation between flow data and effectiveness measures. These correlations would help in understanding the relationship between the success in managing the flow of applicants through the system and the effectiveness achieved by the services.

e. Implementation

At least four problems hinder the ability to implement the national evaluation system described in this section as rapidly as local and regional systems. These are: (1) the problem of obtaining follow-up data, which are particularly important for sequence evaluation; (2) the need to identify similar sequences and to group applicants experiencing these sequences for relative effectiveness; (3) the need to develop standardized techniques for measuring changes in skill levels and educational achievements for component result evaluation; and (4) while of a lesser priority, the usefulness of obtaining comparison group data from a comparison population not receiving manpower services.

Once these problems have been resolved, there is the need to develop a capability to analyze these data. One alternative for both relative effectiveness and component evaluations would be to develop an in-house analytical capability. The need to conduct continuous and systematic evaluations across prime sponsors would favor such a capability. An in-house capability, however, would require extensive data processing support which may be beyond that which is presently available. We recommend, therefore, that outside support for the analysis be used in the beginning, but with close coordination with contractors on the components, sequences and techniques to be used. These implementation questions have been discussed further in Chapter VIII.

2. Evaluation at the Regional Level

Evaluation information is required at the regional level to support three possible types of administrative actions: (1) the use in the management of prime sponsors as their plans are being implemented, in triggering on-site evaluations in provision of technical assistance, and possibly in deobligating funds; (2) for use during the negotiation and approval of the prime sponsor's plans, which may include changes in the funding levels; and (3) for the allocation of funds to prime sponsors based on their previous performance (if the Manpower Administration chooses to allocate part of the funds in this way).

As explained in the overview, the comparison of the prime sponsor's performance against his plan by the regional office is very similar to the comparisons done by the prime sponsor himself for his own management purposes, which is explained in Section 3. Consequently, we will not expand on this function for this section. The types of evaluation information necessary to support approval of the plan (plan assessment) and for apportioning funds based on past performance will be discussed.

a. Plan Assessment

As discussed in Chapter V, the prime sponsor's plan for the delivery of manpower services can be assessed from at least four viewpoints: (1) compliance with the planning instructions; (2) how well the national goals have been integrated with local needs in the plan; (3) how much credence can be placed in the estimated success figures presented in the plan; and (4) how effectively and efficiently does the plan reflect the amount that can be accomplished with the types and levels of resources employed and with the service sequences employed.

Assessing the plans for compliance with planning instructions and for how well the National goals and local needs have been integrated in the plans are discussed in Chapter V and Appendices 2 and 3. Assessing the feasibility and the effectiveness and efficiency of the plans, however, will require information from the evaluation system and will be discussed next in this section. In Chapter V those criteria requiring support by the evaluation system were indicated.

(1) Feasibility of Predictions in the Plans

Judging the feasibility of a prime sponsor's plan can be aided by a comparison of his previous actual performance with his previous planned predictions at a number of different points in his delivery of services. Because plans are sometimes modified during the course of the year, the plan that the actual performance should be compared against is the original agreement rather than that contractual agreement that emerges at the end of the year. The need to assess the ability of a prime sponsor to plan accurately in the past, in order to judge the feasibility of his new plan, should be distinguished from what the prime sponsor is obligated to fulfill by the end of the cycle. The changes negotiated between the prime sponsor and the regional office during the course of the implementation cycle may be very legitimate and justified. However, in assessing the new plan, one would like to know how accurately and well the prime sponsor was able to predict at that same stage in the last planning cycle.

The planned performance can be compared with the actual performance at each point in the delivery of services, where predictions are made in the plan and data are recorded about the delivery of services. From the model of the plan proposed in Chapter V, and the model of the reporting system proposed in Chapter VI, the following ratios could be obtained:

- (a) The number of applicants planned to be served and the actual number served.

- (b) The number of applicants of each type planned to be served and the numbers actually served.
- (c) The numbers of applicants of each type planned to be placed and the numbers actually placed.
- (d) The numbers of jobs of each type planned to be available and the numbers actually available.
- (e) The time planned to be spent in process sequences by applicants and the time actually spent.
- (f) The time planned to be spent in "hold" by applicants and the time actually spent.
- (g) The estimated cost of each service sequence and the actual cost. (Cost information should be available through OFMDS and would not be in the applicant records.)
- (h) The planned changes in specific applicant characteristics (i.e., skill level, educational achievement) and the actual change.
- (i) The planned change in effectiveness measures such as wage rate or entry wage for each type of applicant and the actual change in effectiveness.

Ratios a, c, d, e, and f for various applicant groups will provide indicators of the ability to predict the flow of applicants through the system.

Ratios b and d will provide indicators of the ability to predict the target population and the job targets respectively.

Ratio g will provide an indicator of the ability to predict the cost of the services required of the applicants.

Ratio h will provide an indicator of the ability to predict the success of particular components (usually the performance of particular sub-contractors) and ratio i the success of particular service sequences.

The relative size of these ratios for any particular prime sponsor can act as an indicator or diagnostic tool of where particular parts of his current plan may be less feasible to complete successfully than other parts. In the actual assessment of the current plan, there would be three sets of numbers available: (1) the success predicted in the current plan being assessed; (2) the success achieved in the last implementation cycle; and (3) the percent of the success predicted in the last plan that was actually achieved in the last implementation cycle (the success ratios just listed). The current plans would be assessed for feasibility as follows:

1. The predicted success in each aspect of the current plan would be compared with the success achieved in the last implementation cycle.
2. If some aspects of the new plan show significantly different success estimates than that achieved in his previous performance, the predictive ability of the prime sponsor on those aspects of the plan should be examined.
3. If the prime sponsors success ratios on those aspects of the plan were high, then his higher success predictions in the current plan should be considered reasonable estimates of his ability to produce.
4. If the prime sponsors' success ratios on those aspects of the plan were low, then special justification from the prime sponsor or a change in the plan to correspond more with his past performance should be negotiated if the plan is to be eventually approved.

It should be reiterated at this point that the purpose of this exercise is to obtain estimates or indications about how well a prime sponsor can predict his future performance, which is only one of the factors necessary for assessing plans that can be supported by evaluation information. It is an important part of the assessment, however, since the content of the plan being assessed represents the prime sponsor's best judgment as to what he can accomplish the next implementation cycle. Basic to the assessment, therefore, is some understanding of how well each prime sponsor can predict his future performance. One of the best ways to make that assessment is to determine how accurately he has predicted his performance in the past.

(2) Judging the Effectiveness and Efficiency of a Plan

The previous paragraphs have described how the plan negotiation and approval process between the regional office and the prime sponsors could be carried out to insure that the plan is feasible, in that it reflects the prime sponsor's capability to implement the plan successfully. A major question still remaining, however, is whether or not the predicted success shown in the plan is the result of the most effective and efficient application of resources. Effectiveness has been defined in Chapter IV as the change in a particular set of "output" measures (such as changes in wage rate and income) that can be related to the delivery of manpower services. Efficiency is defined as the degree of change in each of the effectiveness measures divided by the cost of the service sequence (service delivered) required to achieve that change.

Effectiveness is dependent upon the characteristics of applicants accepted into the program, the types of interventions attempted in the labor market (the service sequence selected), and the conditions of the local labor market. The questions of interest for plan assessment are,

given the applicant group planned to be served, and the projected conditions of the local labor market: (1) has the prime sponsor selected the most effective means of intervening in that labor market for each target group? and (2) is the predicted effectiveness and cost of the selected service sequence reasonable? Because effectiveness is a relative matter, these judgments will often be made based on comparison information across a number of prime sponsors. This type of information will be developed in the suggested evaluation system at the national level as described above in Section D.1.

The regional office should have the capability to retrieve from the national system, information relevant to the labor market condition in which each prime sponsor is operating and for the client groups that each prime sponsor is attempting to serve. This information would be: (1) the average and the variance of each effectiveness measure for each service sequence (type of intervention) that has been tried for particular applicant groups, under various labor market conditions; (2) the average and the variance of the costs of these sequences; and (3) the statistical significance of the differences among each of the types of interventions.

Of course, this type of relative effectiveness information on a large number of different sequences will take some time to accumulate even if the proposed evaluation system is implemented immediately. While information on many types of sequences could be available in the first two or three years, information to judge the effectiveness of some of the other sequences will not be available so soon. In these cases, the plan assessment process will have to concentrate primarily on the feasibility of the plan and on less quantitatively supported judgments about the effectiveness and the efficiency of those plans.

In the assessment of the current plan, each sequence to be attempted by a prime sponsor can be compared with evaluation information whenever data adequate for comparison purposes are available. The plan can be assessed as to whether effective types of intervention in the labor market (service sequences) have been chosen and whether the project effectiveness and cost of those sequences are reasonable. If the plan does not agree with the evaluation information on either or both of these factors, then special justification from the prime sponsor or a change in the plan to correspond more with the implications of evaluation information should be negotiated before the plan is finally approved and funding agreed upon.

b. Allocation of Funds to Prime Sponsors Based on Their Overall Past Performance -- Rating Systems

If some part of the funds allocated to prime sponsors are to be based on their past performance, which is one type of allocation discussed in Chapter II, then some type of overall judgment must be made about prime sponsor performances and those overall ratings ordered in a way that comparisons can be made among prime sponsors. For the other types of administrative actions supported by evaluation information discussed in this report, it has not been necessary to consider the overall performance of a prime sponsor or to make any overview judgment about the adequacy of

that performance. The prime sponsor in planning for and executing a comprehensive manpower program will engage in many different types of activities and must provide services to a number of different types of applicant groups in a labor market that may be different from those in which other prime sponsors must operate. In the majority of cases, he will not perform equally well or poorly on all aspects of his job.

For the other types of administrative actions such as providing technical assistance, deobligating funds, approving plans, and allocating funds among strategies, (and for types of evaluations that are suggested for the national level discussed in Section C), the emphasis of the evaluation is on what parts of the prime sponsor's performance is adequate or less than adequate and what sequences should have more or fewer funds allocated to them. An attempt to combine these different parts would obscure the types of evaluation information necessary to adequately support those administrative actions. A composite score for a prime sponsor could obscure the fact that he needs technical assistance in one aspect of his effort or the fact that one part of his plan is inadequate or infeasible while another part may be excellent. In the evaluations proposed to be done at the National level, the unit of analysis is the component or the service employed across prime sponsors rather than the total effort of a single prime sponsor.

However, if the Manpower Administration interprets certain statements in some of the proposed comprehensive manpower legislation to mean that a part of the funds allocated to prime sponsors must be based on the prime sponsor's overall past performance, (as differentiated from the approval of the prime sponsor's allocation of funds among different services), then some type of overall composite judgment about each prime sponsor's performance must be made. The formidable job in doing this, of course, is the determination of the weights to be given to each of the functions that a prime sponsor performs so that the composite comparisons are considered to be equitable. Appendix 2 discusses a scheme for doing this that is probably as equitable as can be devised, given the present state of knowledge.

c. Implementation

As explained earlier (in Chapter III) there are three types of administrative action which will require support from the evaluation system at the regional level. The problem of implementation will be discussed in terms of the types of information needed to support these actions. The major problem in providing evaluation information is not the data to be supplied in either the prime sponsor's plan or in the reporting system, but rather maintaining the flow of reliable data.

In most cases, the required data are similar to types of data now being recorded. It will be necessary, however, to insure through contractual agreements that certain data must be included in the plan and that certain data must be reported as the plan is being implemented. One of the barriers to an effective and reliable planning and reporting system in the past has been the fragmented authority for requirements

as a result of the categorical programs. This should no longer be the case under legislation or administrative regulations that require contractual agreements with one prime sponsor to provide comprehensive manpower services in a given geographic area, even though some categorical restrictions on funds may remain.

(1) Monitoring the Prime Sponsor's Performance^a

The major processing task to be performed to support this function is the retrieval of data from the reporting system on a monthly basis by descriptors consistent with the service sequence categories of the plan format. This is necessary in order to allow the comparison of data retrieved from the reporting system with the data in the plan. This function would require a reasonably flexible data retrieval capability; but one that could be implemented within the first year. This is not greatly different from parts of the present CEP system.

(2) Assessing the Plan

For judging the feasibility of the plan, the plan assessor must have the yearly cumulated data from the monitoring function just described and the ability to compute ratios between the planned and the actual numbers. Again, such a capability seems reasonable to implement within the first year.

For judging the effectiveness and efficiency of the plans, the plan assessor must be able to query the national evaluation system to retrieve information by service sequence descriptors (particular types of applicant groups, provided particular types of services, in particular labor market settings, and the cost of each sequence). The major processing problem for developing information about sequences is one for the national evaluation system. However, even if that system was operational the first year, by the second year it could only provide information on those sequences that had been implemented in the first year by enough prime sponsors and in enough different labor market settings to justify a statistical analysis of these data. Consequently, the major problem at the regional level will be the availability of relative effectiveness evaluation data sufficiently relevant to the sequences employed by their prime sponsors to make that data useful for plan assessment.

For the plan assessment function, therefore, the initial assessment will have to be based on that relative effectiveness information that can be derived about the past performance of categorical programs and components and from past field evaluations and experience. After the first year, information should be available to judge the feasibility of many parts of a plan and the effectiveness and efficiency of a few sequences. It will take some time, however, (with a reasonably stable program), before evaluation information on a large variety of sequences in different labor market settings can be made available for plan assessment.

(3) Allocation of Funds by the Region

As with relative effectiveness evaluation, an overall rating of prime sponsors must be based on a large enough population of prime sponsors that one can find enough of them doing similar things in similar economic settings to allow the comparison of their effectiveness on any kind of an equitable basis. The comparison data necessary to perform this function, therefore, should be developed at the national level in conjunction with relative effectiveness evaluations -- the problems of implementation will therefore be dealt with in that section. However, the reduction of these data about prime sponsors to an overall rating and the comparison of those ratings for allocation purposes should be done at the regional level.

3. Evaluation at the Prime Sponsor Level

The prime sponsor can use performance evaluation information for at least two purposes: (1) For management of his sub-contractors as his plan is being implemented. This involves the detection of problem areas as soon as possible so that corrective actions can be taken. (2) To obtain success ratios to aid the development of future program planning and resource allocation.

The use of evaluation information by the prime sponsor for the allocation of funds in their plans is described in Appendix 3. For both management and planning, the prime sponsor must make comparisons between the projected estimates in his plan and the actual performance as the plan is implemented. The proposed content of the prime sponsor's plan is described in Chapter V. The data that must be recorded about actual performance in the reporting system is described in Chapter VI.

a. Comparisons to be Made by Prime Sponsors

If the plan format proposed in Chapter V and the changes to the reporting system proposed in Chapter VI are adopted, then we can describe those comparisons that should be made between planned and actual performance by the prime sponsor and the use that can be made of those used in plan assessment at the regional level.

1. A comparison of the characteristics of the applicants accepted for processing and the planned target population.

Deviations could help identify problems in the outreach or intake mechanism or in the need calculations.

2. A comparison of the actual flow data with the planned flow data:

- a) number of applicants processed;
- b) number of applicants who drop out;
- c) time spent in process sequence;
- d) time spent in hold category; and
- e) number of applicants placed.

Deviations could help identify problems in the management of the flow of applicants through the system.

3. A comparison of actual changes in skill or educational level with planned success.

Deviations could help identify ineffectiveness of sub-contractors, since contracts will usually be let for certain service components rather than the full service sequence.

4. A comparison of actual change in wage rates or other effectiveness measures with planned changes.

Deviations could help identify problems with the assumptions about the service sequences most appropriate to place applicants in higher paying and more stable jobs.

5. A comparison of actual costs for each service sequence with the planned costs.

Deviations could help identify problems in estimating the cost of particular types of services.

Comparisons 1, 2, and 5 can be used by the prime sponsor to detect problems as the plan is being implemented and to take corrective actions before the implementation cycle is complete. After the cycle is complete, information derived from all five comparisons can be used to make estimates about the success in the next planning cycle if the types of applicants to be served, the sequences to be employed, and the local labor market conditions are at all comparable to the last planning phase. Where they are not comparable, success ratios from the national evaluation system description in Section C can be used.

b. Implementation

Significant changes to the current planning system are being considered for the FY 1972 planning cycle to revise and integrate the present CAMPS, Plan of Service, and Annual Manpower Planning Report.^{1/} We have recommended that the data and plan formats specified in Chapters V and VI be made requirements for the prime sponsors as part of their contractual agreements.

As discussed in Chapter VI, most of the data required in the proposed evaluation system except for full year follow-up data are required in the present reporting system. Consequently, we see no major barrier in requiring prime sponsors to provide this information in the initial phase as part of their contractual agreement. However, more extensive follow-up data will be required than is now the case. Consequently, the prime sponsor will have to be reimbursed for these services or other means of collecting these data will have to be found. We recommend that the regional

^{1/} Interim Operational Planning and Control System Handbook.

office contract with separate agencies to collect these types of data. This would have the advantage of providing an independent check of the success of the prime sponsors and should considerably reduce questions about the validity of the data supplied by the prime sponsor.

In the early phases of implementation, the prime sponsor should be expected to obtain some information from all five types of comparisons listed in Section 1 above. Follow-up data which are more essential for the regional and national evaluations probably cannot be part of the initial phase, but will require somewhat longer to implement and to collect. In the interim, the present type of job entry follow-up (as in WIN) might be used as a substitute with only a few changes in the information collected. These interim data could be checked against the long term data (as it develops) to determine their value as surrogates for longer term follow-up.

E. Availability of Standards of Performance

One of the early legislative proposals this study took into consideration was the Manpower Training Act which proposed to allocate funds in part based on "standards of exemplary performance." These standards were to cover the performance of the prime sponsor in planning and in conducting an efficient and effective program. Other proposed legislation called for either use of explicit performance criteria in allocation or for demonstration of program effectiveness in the prime sponsor's plans. While all the proposed legislation mandates a strong evaluation effort, it is clear that care must be taken to integrate it with the planning, management and allocation processes.

In this section, "standards of performance" will be discussed in an attempt to indicate over what period of time various standards might reasonably become available. There has been no dearth of proposed standards both from DOL and our own staff during the course of this study. The problem in recommending any of these for immediate use, however, is that our research has not found much of a proven quantitative basis for standards of performance. Inappropriate or simpleminded use of standards can often be damaging to rational management of a program. With this in mind, the following discussion indicates the time period over which standards based upon measurement and experience in the field might be expected to become available.

A standard of performance is something which by general agreement is used to compare programs of the same class or type to determine their relative quality. Basically, it must reflect levels of some specific type of performance on comparable tasks. The problem with developing performance standards for the prime sponsor of a comprehensive manpower program is, of course, that it is not now known to what degree specific comprehensive programs will be comparable in terms of mixes of applicants, service sequences chosen or operated, jobs to be filled, and local labor market conditions. Effectiveness information presently available within DOL does not form an adequate basis for competently condensing performance on several types of activity into relative measures of a prime sponsor's total program. This lack of knowledge leads to a consideration of what should be used as the basis for assessment of prime sponsors during the first few years of a decentralized, decategorized manpower training program. Table 2 illustrates the availability of standards over a period of time. The discussion below indicates that while the first year plan assessment should be based largely upon compliance and reasonableness, assessment of the second year plan should include feasibility criteria as well, and assessment of later plans--later than the second--

TABLE 2.--AVAILABILITY OF STANDARDS OF PERFORMANCE FOR USE BY DOL IN CONTROLLING THE ALLOCATION OF RESOURCES

<u>Planning Year</u>	<u>Type of Criteria Available</u>		
First Year	Plan assessment criteria are (1) <u>reasonableness</u> and (2) <u>compliance</u> to distributional objectives. Allocation is reduced to assuring that priority target groups are receiving services.		
Second Year	Plan assessment criteria includes (1) <u>reasonableness</u> and (2) <u>compliance</u> to distributional objectives. Allocation is reduced to assuring that priority target groups are receiving services.	Plan assessment criteria now also includes <u>feasibility</u> - the comparison of performance with past plans to determine ability to implement a plan.	
Third Year	Plan assessment criteria includes (1) <u>reasonableness</u> and (2) <u>compliance</u> to distributional objectives. Allocation is reduced to assuring that priority target groups are receiving services.	Plan assessment criteria includes <u>feasibility</u> - the comparison of performance with past plans to determine ability to implement a plan.	Plan assessment criteria also includes <u>effectiveness</u> and <u>efficiency</u> of projections. Relative effectiveness evaluation results start becoming available to help determine "how much" can be accomplished.
(Subsequent Years)	Over time allocation may change to distributing benefits (output) among target groups.	Plan assessment criteria includes <u>feasibility</u> - the comparison of performance with past plans to determine ability to implement a plan.	Plan assessment criteria includes <u>effectiveness</u> and <u>efficiency</u> of projections.
			Over time a single standard of performance in operating an effective and efficient program may be possible.

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should be able to increasingly incorporate assessments of effectiveness and efficiency. This evolution of criteria is contingent upon implementation of the appropriate evaluation system, specifically the recommended relative effectiveness and plan vs. performance evaluations.

It is easy to agree on measures that should compose elements of a standard of prime sponsor performance, but the actual values of these measures are not available in the detail or with the precision necessary to construct a useful or fair standard of performance for assessing a prime sponsor's overall performance. Performance standards are designed around output measures--they are indicative of success toward achieving program objectives. It is known that effectiveness measures taken on even the same service sequence will vary with, for instance, the group it is applied to. However, the actual variation of effectiveness of most service sequences with applicant group and with other independent variables is not known. DOL must be able to account for variance in effectiveness if it is going to develop performance standards for assessing a prime sponsor who will be serving several groups with various service sequences in a particular labor market setting.

The recommended evaluation system will over time systematically and continuously develop the type of effectiveness information needed. It is possible, therefore, to examine what the basis for standards may be over succeeding years of operation.

At the start of a comprehensive program, only the plan itself will be available for assessment. This assessment may have to be based on the degree to which the plan itself reflects national guidance on planning and distributional (who shall receive service) goals; reflects local needs and past experiences with categorical programs; and provides a reasonable and prudent system for management and control of such a program. The criteria are essentially compliance and reasonableness.

Near the end of the first year, when the second year plan is submitted, the evaluation system will be able to produce a variety of "planned vs. actual" information--based primarily on applicant flow data--indicating the ability of each prime sponsor to implement and operate successfully the program that was planned. In assessing this second year plan, then, DOL will be able to use operational data which should be adequate, when combined with site monitoring reports, to distinguish extreme cases of success and failure in planning and operating various service sequences. Essentially, the factor of the "feasibility" of a prime sponsor's planned performance could now be included in plan assessment criteria.

This "planned vs. actual" data will not be adequate for distinguishing between bad planning, bad management, or bad underlying program assumptions. However, in cases where many prime sponsors tend to do badly or well with a particular type of service sequence, DOL might begin to

suspect or accept, respectively, the assumptions underlying those service sequences. The relative effectiveness evaluations of service sequences needed to make these judgments with confidence require follow-up data and some analysis. They would, therefore, not be expected to start becoming available before approximately the end of the second year.

Near the end of the second year of performance--submission time for the third year plan--the evaluation system should be beginning to produce all of the types of evaluations suggested. This means that--in addition to expenditure breakouts, applicant flow data and distributional data--effectiveness and efficiency information based upon measured change of wage rate, income, and job stability will start to become available for service sequences stratified by applicant group and local labor market or economic conditions. This will be the first point at which sufficient data might be available to evaluate, in reviewing the plan, the proper use conditions of various service sequences and components, examine the efficacy of these services for various prime sponsors' use, and begin to separate the ability of the prime sponsor to plan and manage a service from the basic underlying effectiveness of that service. Up until this point, any comparison between prime sponsors will have to be made on their ability to expend their funds satisfactorily and process applicants in an orderly manner. Beyond this point, cross comparisons on the basis of effectiveness (service sequence by service sequence) may be made. DOL will begin to have, for the first time, an effectiveness basis for making comparisons and, of course this basis should improve with each succeeding year.

Furthermore, with the availability of effectiveness information, standards of effective performance on a prime sponsor basis might become possible, if the utility for different outcomes for different groups could be established. While creating the relative utilities to relate distributional and effectiveness goals would be no easy task, at least a reliable common base system of predicting effectiveness of service sequences and components will be available. This alone should be quite valuable in negotiating acceptable mixes of service with each individual prime sponsor.

This is not meant to imply that DOL should fail to retain partial control over the operation of some local programs in the first and second years if plans appear (in the first year) or have been shown (in the second year) not to meet national objectives or not to provide a reasonable basis for program operation. It is simply intended to make clear that, until adequate effectiveness evaluation has been carried out on a broad scale, no suitable basis will exist for a true and fair single standard of performance and a great deal of informed judgment will be necessary on the part of the regional offices.

VIII. THE RECOMMENDED EVALUATION SYSTEM AND ASSIGNMENT OF RESPONSIBILITIES

A. Introduction

This chapter relates the functions to be performed under the recommended evaluation system to the various offices involved, based on their present charter of responsibilities. At present, the reported data are not widely used in evaluation, evaluation results are not widely used in developing program guidance or in management, and there is no continuous assessment of effectiveness that could serve as the basis for validating program assumptions and improving the accuracy of assessments from year to year. Much of this could be achieved by integrating essentially complementary capabilities that already exist.

Judgments on the appropriateness of current national office mission statements in operating a decentralized program are beyond the scope of the report. Although we have been led into the area of national office organizational capabilities and responsibilities at several points in the study, this was not the main purpose of this study. Therefore, the suggested assignment of responsibilities has been based upon existing mission statements. If the evaluation and planning and control techniques recommended are adopted by DOL, an additional study aimed at an internal system for management and coordination of these activities within the national office would be appropriate. This would require extensive participation by a small but fairly high level task force within the Manpower Administration.

B. Some Important Considerations During Implementation

1. The Two Most Important Types of Evaluation

Based on analyses of management responsibilities under decentralization and decategorization, the methodological feasibility of different types of evaluation, and the availability of data, guidelines for a DOL evaluation system have been developed. The fundamental conclusion is that decategorization and decentralization to area prime sponsors requires a different type of evaluation information than is currently available; however, the necessary evaluation can be provided through utilization and modification of existing systems and capabilities.

A continuous, systematic evaluation system based in large part upon data reported from the field is being recommended. Tables 1 and 2 define the major types of evaluation to be considered and summarize the uses made of them, their methodological feasibility, estimated time scale of implementation, and the recommended priority that DOL should give each type. Consideration has been given to Impact Evaluations, Relative Effectiveness Evaluation, Component Evaluation, Plan Versus Performance Evaluation, On-Site Monitoring, Project Ratings, and Project Evaluation.

The recommended highest priority evaluations for DOL are:

Plan versus Performance Evaluation: the comparison between estimates in the comprehensive plan and the actual performance figures (input, process and output data) as the plan is being implemented.

Relative Effectiveness Evaluation: using data from existing programs to estimate functional relationships between types of applicants, types of labor markets, costs, and types of service sequences as one set of variables, and different measures of effectiveness as the other set.

Plan versus Performance Evaluation will support the prime sponsor in developing a comprehensive plan, in managing sub-contractors, in assessing components, and in implementing his plan. To do so the information system must be well enough defined to trace applicants as they are processed through the prime sponsor's service delivery system and to identify applicants' post-program experience with

TABLE 1.--MAJOR TYPES OF EVALUATION FOR A DECENTRALIZED
COMPREHENSIVE MANPOWER PROGRAM AND THEIR RELATIVE PRIORITY

Type of Evaluation	Definition	Uses	Feasibility and Availability of Methodology	Estimated Time Scale of Implementation	Recommended Priority for DOL Evaluation System
Relative Effectiveness Evaluation	Assessment of the relative cost-effectiveness of different service sequences for different types of applicants and different types of labor market conditions.	Development of prime sponsor plans. Assessment of prime sponsor plans. Program development by the National Office. Setting national goals and objectives.	Feasible. Effectiveness measures are available. However, the descriptions of services employed (including cost), characteristics of the applicant groups and descriptions of the labor market will be as important to obtain as the measures of effectiveness. With some modification, the current program reporting system can provide most of the applicant, service, and short-term effectiveness data needed.	Follow-up data and implementation of the required definitional base for strategies in the planning and reporting systems are the major factors. Once the reporting system is modified, evaluation results could become available on a continuous basis within two to three years.	Highest Priority.
Plan vs. Performance Evaluation	Comparisons between the estimates in the plan and the actual performance figures as the plan is being implemented. Comparisons are made on input, process and output measures.	Development of prime sponsor plan. Implementation of the plans by the prime sponsor Assessment of prime sponsor plans by regional office. Regional office administration of prime sponsors and National Office monitoring of the program.	Feasible given a compatible prime sponsor plan and reporting system, both based on a common definitional model of the service delivery process. Requires measures of applicant and job characteristics, process flow data, component success measures, and program effectiveness measures. Much of the types of data needed are available in existing reporting systems. The plan and service delivery description need to be developed.	Can be designed and implemented within the first year.	Highest Priority.

TABLE 1 (Continued)

Type of Evaluation	Definition	Uses	Feasibility and Availability of Methodology	Estimated Time Scale of Implementation	Recommended Priority for DOL Evaluation System
Program Impact on the Applicant Group	Assessment of the overall impact of the program on the subsequent labor market experience of the applicant groups.	Setting national goals and objectives and program funding level.	Feasible. Basic requirement is longitudinal effectiveness data on the applicant group and a suitable comparison group. Effectiveness measures are available. However, matching variables for the comparison groups are not well known and the cost of data collection can be high.	Severest time constraint is that in collecting follow-up data. Given one year follow-up, results would only become available two to three years after the program started.	Low priority compared to Relative Effectiveness Evaluation. Impact evaluation is important to determine the possible effects of the national manpower programs but, to be most informative, should be coupled with Relative Effectiveness Evaluation.
Program Impact on the Economy, Target Groups, or Community	Assessment of the overall effectiveness of the manpower program in meeting national goals specified in terms of the economy, the local labor market, or target groups.	Setting national goals and objectives and program funding levels.	Not feasible. It is difficult to estimate the impact of manpower programs on the appropriate aggregate social/economic measures because of the relative small size of manpower programs in the labor market and the lack of knowledge needed to establish suitable comparisons. Development of adequate methodology awaits further research into the behavior of the labor market.	The evaluation system described in this report will provide only some of the information needed, namely, the impact on program applicants.	Low priority for the evaluation system but the needed labor market research should be high on DOL's research agenda.
Component Evaluation	Determining how much of the variance in effectiveness (determined by such measures as change in income) can be related to the success of particular components (determined by such measures of change in skill levels).	Program development by the National Office.	Feasible given suitable standardized definitions and measures of component results. The needed component information is not available or feasible to make available in a program reporting system. It should be collected through a program of nationally planned samples.	See Relative Effectiveness Evaluation.	Low priority compared to Relative Effectiveness Evaluation. Should be undertaken only after the effectiveness evaluation program is operational.

TABLE 1 (Continued)

Type of Evaluation	Definition	Uses	Feasibility and Availability of Methodology	Estimated Time Scale of Implementation	Recommended Priority for DOL Evaluation System
Prime Sponsor Rating System	Assessment of the relative effectiveness of different prime sponsors in achieving program objectives.	Allocation of funds among prime sponsors and regions based on past program performance.	Feasible once the appropriate characteristics of applicants and of the labor market context in which the prime sponsor operates are known. Short-term effectiveness measures are available. The performance criteria are multi-dimensional: project rating systems require agreement on how to collapse all the dimensions into one index of performance.	Can be developed with the reporting system in the first year. It also can be developed over time with the recommended Relative Effectiveness Evaluation which will identify the appropriate classification variables and distinguish between variations in effectiveness attributable to services used and to differences among prime sponsors.	Low priority compared to Relative Effectiveness Evaluation. Producing a composite score obscures the type of information needed for monitoring prime sponsors and assessing their plans and performance. Project ratings should not be relied upon for program administration unless it is DOL policy to allocate funds on the basis of an overall past performance score.
On-Site Monitoring	On-site assessment of program or project operations.	Regional office administration of prime sponsors.	Always feasible although it is difficult to develop objective standards to use in assessment of operations. The result is subjective data about how projects or programs are going.	Can be implemented immediately.	High priority. Should be structured around the Plan vs. Performance Evaluation. On-site visits assess possible problems uncovered in monitoring the implementation of plans.
Project Evaluation	Assessment of the effectiveness of an individual project or an individual prime sponsor program.	Development of prime sponsor's plan.	Feasible but not practical. Because of problems in obtaining relevant comparison groups and problems of non-replicability and small sample size, this type of evaluation is used less in operating programs than in experimental situations.	--	Low priority relative to plan vs. performance evaluation.

TABLE 1 (Continued)

Type of Evaluation	Definition	Uses	Feasibility and Availability of Methodology	Estimated Time Scale of Implementation	Recommended Priority for DOL Evaluation System
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On-Site Monitoring	On-site assessment of program or project operations.	Regional office administration of prime sponsors.	Always feasible although it is difficult to develop objective standards to use in assessment of operations. The result is subjective data about how projects or programs are going.	Can be implemented immediately.	High priority. Should be structured around the Plan vs. Performance Evaluation. On-site visits assess possible problems uncovered in monitoring the implementation of plans.
Project Evaluation	Assessment of the effectiveness of an individual project or an individual prime sponsor program.	Development of prime sponsor's plan.	Feasible but not practical. Because of problems in obtaining relevant comparison groups and problems of non-replicability and small sample size, this type of evaluation is used less in operating programs than in experimental situations.	--	Low priority relative to plan vs. performance evaluation.

TABLE 2.--MAJOR TYPES OF PLAN ASSESSMENT

Type of Criteria	Definition	Uses	Data Requirements	Estimated Time Scale of Implementation
Feasibility	Assessment of sponsors capability to implement the Plan successfully. A comparison of the new plan estimates with previous planned vs. actual performance.	Plan negotiation and approval. Establishing funding levels.	An Application of the Plan vs. Performance Evaluation.	Can be implemented in the first year.
Efficiency and Effectiveness of the Plan	Assessment of the degree to which the plan reflects the amount that can be accomplished with the resources available and the service sequences employed.	Plan negotiation and approval. Establishing funding levels.	Requires cost-effectiveness information relevant to the type of labor market condition in which the prime sponsor is operating and to the types of applicant groups being served. This is an application of the Relative Effectiveness Evaluation results.	Once the appropriate evaluation system is installed, it will take two to three years for the necessary information to become available.
Integration of National Goals and Local Goals	Assessment of how well national goals have been integrated with local needs in the plan.	Plan negotiation and approval.	Requires (1) national guidance on operational objectives (target groups to be served and measures of effectiveness) and priorities and (2) information on the local "universe of need."	Can be implemented immediately.

particular components and contractors in the service delivery system. The critical requirement for the Plan versus Performance Evaluation is the capability to relate the applicant, the specific services provided the applicant, and his subsequent labor market experience. Any number of summaries can be made off the basic system to support administration of the program by Regional and National Offices on an area, State, regional or national basis.

Relative Effectiveness Evaluation will support the prime sponsor in planning, the Regional Office in assessment of those plans, and the National Office in development of programs and "standards of performance." To do so most effectively it is necessary that Relative Effectiveness provide information on the expected effectiveness and cost of different service sequences for various applicant groups under different labor market conditions.

Site-monitoring and self-appraisal systems should be designed around the Plan vs. Performance Evaluation, which serves as the core of the management information system at each administrative level. Relative Effectiveness Evaluation should be a major research and development tool for the manpower system. All impact evaluations, rating systems and component evaluations should be developed, as needed, from the Relative Effectiveness Evaluation program.

2. Relating the New System to the Present One

Both the Relative Effectiveness Evaluation and the Plan versus Performance Evaluation make use of the same reported information in the recommended system. The flow of information from the local area into the evaluation system is illustrated in Figure 1. One basic program reporting system is seen as providing most of the data to support the priority evaluations. To be workable, the reporting system and the prime sponsor plan must have a common definitional base which characterizes actual applicant flow through the prime sponsor service delivery system. This integrated internal flow of program information in the recommended system will be referred to as a planning and control system.^{1/} It includes the area planning system (format, content), DOL planning guidance, the program reporting system, and labor market information. It relies on the internal "Information Systems and Data Sources" shown in Figure 1.

^{1/} The term "planning and control system" refers specifically to those management functions associated with line management and implementation of programs. This distinguishes it from the more strategic type of planning and evaluation associated with federal budget planning and legislative planning.

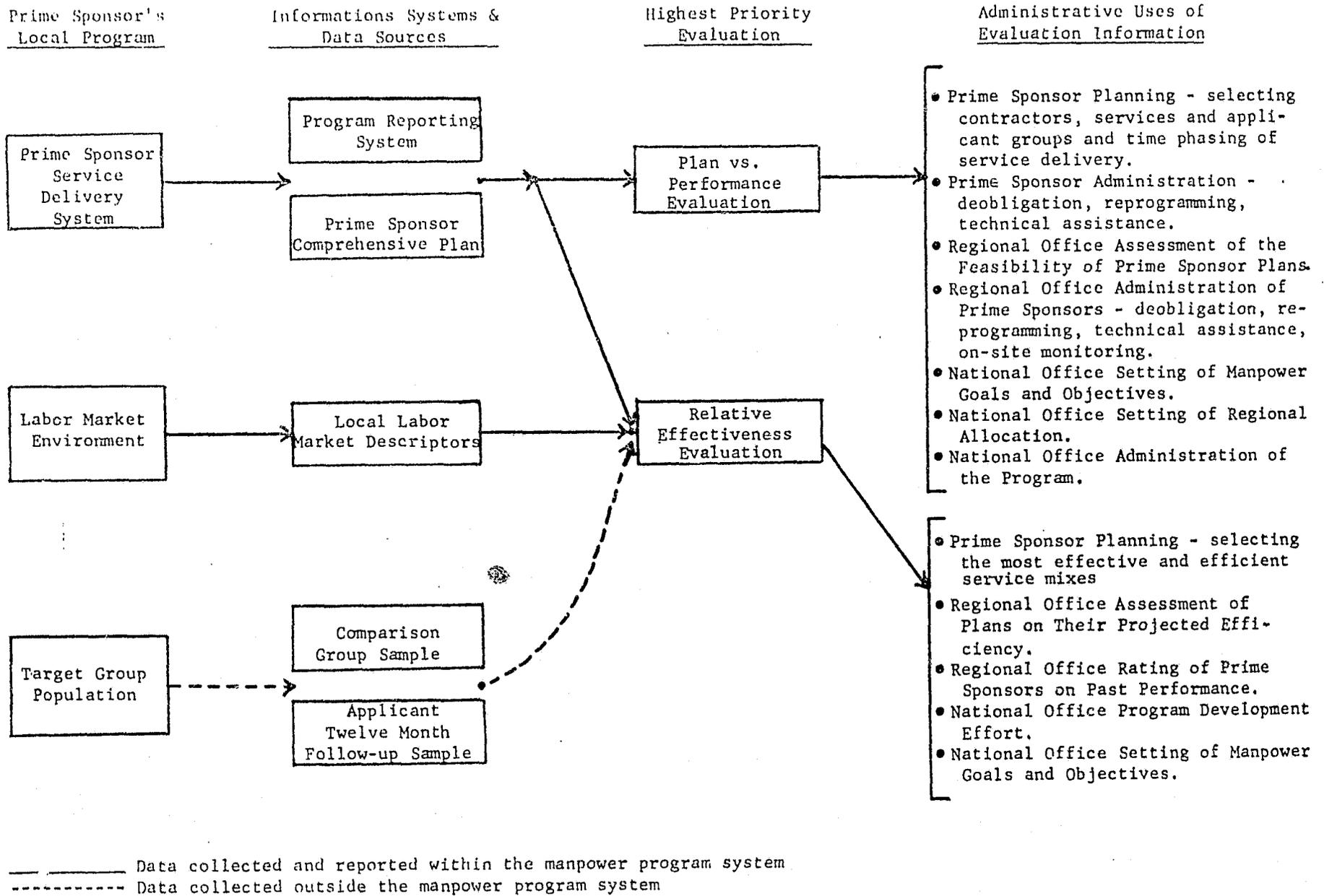


Figure 1. The Recommended Evaluation System, Its Information Sources and Its Administrative Uses

Many examples of information and data components shown in Figure 1 are available in some form under the current categorical program structure. They are not, however, utilized in evaluation as shown.^{1/} For instance:

- The CEP program comes closest to having a definitional model of the service delivery process compatible with the reporting system. The "CEP Director Warning Light Report", an exception report on the service delivery process, is an example of the type of summary that can be made from the recommended Plan vs. Performance Evaluation.
- The MA-100 reporting system produces nearly all the type of data required for the recommended evaluations. At present reporting is not complete and not considered reliable.
- The Annual Manpower Planning Report, prepared for each labor area, provides an economic data base for the development of manpower planning information. Labor market information has not generally been used in evaluation studies, however.
- The Operational Planning and Control System being developed and implemented by the DMA represents a significant step by DOL toward the type of planning and control system needed for Regional Monitoring.^{2/} At the present time neither the CAMPS, Plan of Service, or the categorical program plans have the required definitional base to be immediately adaptable to the recommended planning and control system.

The DOL evaluation system currently in existence does not meet the information needs of a decentralized comprehensive area program.

^{1/} The analysis of the reporting and information systems can be found in Chapter VI.

^{2/} "In FY 1972, the Comprehensive Operational Planning and Control System will link and integrate the planning, resource allocation, and control functions of areas, states, and Regions with those of the Manpower Administration National Office. The basis for fundamental operational planning will be CAMPS. Significant changes to the CAMP System are currently being considered for the FY 1972 planning cycle to revise and integrate the present CAMPS, Plan of Service, and Annual Manpower Planning Report processes and data." - Interim Operational Planning and Control Handbook, October, 1970.

Table 3 describes the impact of decentralization and decategorization on those evaluation activities which have been identified in an internal DOL/MA paper^{1/} as constituting the present evaluation system. As the table suggests, under the categorical program structure the evaluation system has been fragmented and without a clear relationship to operational functions and management units. Consequently, the move toward decentralization and decategorization implies a new type of evaluation system for DOL and a major refocusing of effort in the design of programs, data systems, and evaluations and planning systems. Clearly there are costs to be justified and implementation problems associated with such a move. The question of cost can only be approached in general terms at this point while problems of implementation are more clearly defined. Both are discussed here in turn.

3. Justification of Cost

The costs associated with the recommended system are of two types: those associated with external data collection and analysis, and those associated with utilizing existing resources and systems.

The recommended evaluation system will depend for the most part on reported data from forms used in operating the local program; external collection costs are incremental costs incurred for specific purposes, such as obtaining comparison group data. DOL already has broad experience with data collection by outside contractors for evaluation studies. The problems and difficulties associated with generating reliable and valid follow-up and comparison data by this method are well known. Once the basic Relative Effectiveness Evaluation design is complete, it will be a straight-forward matter to calculate the costs and advantages of utilizing alternative external data sources.

The most significant parts of the evaluation system are those concerned with generating the internal flow of program information in the form needed. These costs are not readily disaggregated from other operating cost, since they involve the staff effort at all levels needed to modify, integrate and utilize existing capabilities in implementing the basic planning and control system. Justification for incurring these costs rests on the determination of how crucial the planning and control system is to the success of a decentralized, comprehensive manpower program.

DOL's own experience with comprehensive service delivery systems indicates that a planning and control system, developed at the

^{1/} "An Evaluation System for the Manpower Administration," October 1969, MA/Office of Evaluation (Draft). The paper predated the development of the Interim OPCS (Oct. 1970).

TABLE 3.--IMPACT OF RECOMMENDED EVALUATION SYSTEM ON CURRENT EVALUATION ACTIVITIES

Evaluation Activity	Current Description ^{1/}	Changes Under a Decentralized/Decategorized Comprehensive Program
1. Self Appraisal	Continuing assessment of project and office operations by local management staff. Includes comparison of "plans vs. performance". Responsibility of project and office managers.	On-site monitoring and self appraisal systems have been developed program by program and never systematically implemented or linked to the National Office. They are methodologically weak. Plans and data systems are not well enough developed to describe and monitor the local service delivery process.
2. Operations Monitoring	Compliance oriented on-site assessment of project operations. MA/USTES develops the systems and regional offices implement and use.	The recommended Plan vs. Performance Evaluation should be the basic management tool at all levels. Site monitoring and appraisal systems should be designed to utilize "plan vs. performance" data. They provide explanatory information on significant deviations from plans and lay the foundation for corrective action.
3. Program Monitoring	On-site assessment of operations of national, regional, and state-wide programs. MA/USTES develops systems; regional and national staffs implement and use.	The recommended Plan vs. Performance Evaluation should be the basic management tool at all levels. Site monitoring and appraisal systems should be designed to utilize "plan vs. performance" data. They provide explanatory information on significant deviations from plans and lay the foundation for corrective action.
4. Evaluation Studies	Contract studies, nationwide in scope, designed to assess a. the design and structure of manpower programs, b. their effectiveness, c. their impact, d. the relative effectiveness of alternative techniques and approaches. Responsibility of MA/OPER	Current evaluation program is, for the most part, carried out along categorical program lines with a strong "management evaluation" flavor and based on small national samples. Contractors generally collect their own data. Results are often inconclusive, untimely and lack the detail or scope necessary to support area planning, development of performance standards and setting of national policy.
5. Cost-Benefit Analyses	Development of methodology. Responsibility of MA/OPER.	Highest priority for the National Office evaluation program should be the recommended Relative Effectiveness Evaluations using data collected on DOL information systems (program, cost and labor market data).
6. Special Staff Studies	Short-term studies carried out by MA staff and generally concerned with examination of certain manpower projects or components of programs in which there is a special interest of policy-making officials, or in which significant deficiencies are apparent. Responsibility of OPER/Evaluation Division.	This type of study will always be important. OPER should retain the flexibility and in-house capability to mount staff studies.

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^{1/} Extracted from "An Evaluation System for the Manpower Administration," October 1969, MA/Office of Evaluation, DOL (DRAFT).

TABLE 3 (Continued)

Evaluation Activity	Current Description	Changes Under a Decentralized/Decategorized Comprehensive Program
7. Review and Analysis	Phase of the Departmental Management System. It is management by objectives (plans vs. actual performance) for the national offices.	Review and Analysis of categorical programs have been recently extended to the regional offices through the Interim Operational Planning and Control System developed by the DMA. This system gives the National Office and regional offices the capability to monitor categorical programs on a State and regional basis. While this system as it now exists may meet the National Office needs, it will have to be substantially expanded in order to meet the information requirements of the regional office and prime sponsors.
8. Evaluation Follow-up	Monitoring the implementation of recommendations resulting from evaluative activity. Should be performed at all levels.	In the recommended evaluation system, all evaluation is designed specifically for use in the administrative process. For example, effectiveness evaluations are designed so that the results can be used in prime sponsor planning and assessment of those plans by the regions. Likewise, the regional office and prime sponsors have to account for deviations indicated by the Plan vs. Performance Evaluation. In a practice, follow-up becomes the administrative functions themselves, carried out at the local, regional, and national levels.
9. Collection, Analysis and Interpretation of Data	To determine progress in meeting targets, pinpoint problem areas, and suggest corrective action. Data should be available at all levels.	This step would become part of the recommended Plan vs. Performance Evaluation at each level.
10. Establishing Performance Criteria	Establishing methods, criteria, and indicators for measuring progress and results of programs, projects and offices, for use at all levels. MA/OPER has a large role in developing criteria.	There is no standard set of performance measures for the categorical programs. Criteria must be developed for the comprehensive programs so they are adaptable to the recommended planning and evaluation systems. The plan format should specify the effectiveness measures prime sponsors will plan with and work towards; the reporting system should include these same measures on data collection forms.

operational level, is indeed crucial. Three points are to be made:

- (1) that the recommended information will have to be collected at the prime sponsor level for his own use anyway, since it is essential for rational management of daily operations;
- (2) that the national evaluation program only requires the further step of standardizing the prime sponsor management information system; and
- (3) that the alternative--complete external collection of data for cost-effectiveness studies--would be difficult, expensive, and often of little utility to the operating program because of long time delays in obtaining the results.

Consider the management problems at the operating level. The prime sponsor will be administering a very complicated and costly structure, analogous to the CEP program but on a much larger scale. The management problems encountered by CEP are thus relevant. To quote a DOL paper^{1/}

---CEP experience thus far can be characterized at the local level by an initial incapacity for large scale program management, resulting in a poor understanding of how to approach the task at hand; and, internal mismanagement once the program was underway.

Two and a half years of CEP have made two points clear: performance must be measured against preplanned goals and all parties must be in detailed agreement on roles, rights, and responsibilities before the program begins.

A major step taken to remedy the situation within CEP was the "establishment of uniform definitions and a management information system which lay out for program operators a statement of what is expected from them and how it will be measured." Since there can be little reason to expect that a prime sponsor with poor information management will be able to operate a program successfully, there are adequate reasons, in addition to evaluation needs, why the reporting and data collection requirements associated with the planning and control system should be included in the prime sponsor's contract and should be enforced. The staff and funds needed to operate the planning and control system should be made available to the prime sponsor.

^{1/} "A Summary of Experience and Problems with the Concentrated Employment Program," USTES, MA (undated).

In large part, the same information that is fundamental to effective management of local programs is also fundamental to useful evaluation of all types. During the site visits the authors found that the data necessary for evaluation are presently being collected locally for use in running service delivery operations and that some routine processing of local data was generally required simply to keep track of those operations. Standardization of information systems would facilitate collection and analysis of data at each administrative level.

4. The Need for Uniform Information Systems

With decategorization and decentralization, Relative Effectiveness Evaluation, in particular, will become more difficult to carry out by relying on outside contractors for collection of input and process data as well as the follow-up and comparison data. In the past, with categorical programs, the major concern for effectiveness (or cost-effectiveness) evaluation was whether or not the people in a program profited from the services delivered as compared to similar types of people not in the program. This type of evaluation was believed to be useful information in the past because the categorical restrictions on entrance requirements and/or on services, made all the projects within a program seem more or less similar in the sense of the service sequences employed. Furthermore, the major budgetary decisions were made in the National Office along categorical program lines.

With increased decategorization each prime sponsor can, at least in theory, develop his own service sequences and components. A main concern for evaluation then will be to determine which service sequences developed by different prime sponsors are effective for which groups of people under what conditions. For this type of evaluation, the description of the service sequences employed by different prime sponsors, the characteristics of the applicant groups, and the description of the labor market will be as important to obtain as the measurement of effectiveness. If a contractor is employed to get this information, his basic source is still likely to be the prime sponsor record unit and the prime sponsor plan. If the overall planning and control system is not set up to yield routinely this information in compatible form nationwide, we can expect the type of situation that occurs now - incomplete and unreliable information, misplaced records, variation in definitions and interpretation from project to project, great time and effort needed to extract a very minimal amount of information.

Our recommendation is for DOL to recognize these problems beforehand and establish a rational and uniform system across the country so it will produce data useful at all levels of the manpower structure. DOL has already demonstrated in various programs its

ability to standardize, extract and process the data necessary for the recommended evaluation system. Equally important as the establishment of a rational and uniform information system is the establishment of a rational and uniform system for using the information in the planning/allocation/control processes. Again, DOL has already moved toward this goal in several areas.

5. Summary

The report concludes that the highest priority for DOL in implementing, operating and evaluating a decentralized comprehensive program is the development of a prime sponsor planning and control system. The core data elements of such a system are the prime sponsor plan, area labor market descriptors, and the program reporting system. Both the plan and reporting system should be based on a well defined model of the local service delivery system and designed to support the recommended Plan versus Performance Evaluation and Relative Effectiveness Evaluation activities. The basic information systems and organizational structures needed to implement the appropriate operational planning and control system do for the most part exist within DOL and its current programs.

Three major problems must be addressed by DOL in implementing the recommended evaluation system. These are problems of internal National Office management, conceptual design of compatible information systems, and maintaining the leverage to assure a flow of information from prime sponsors.

The first problem arises because of the need to integrate the efforts and outputs of many organizational units within the National Office. These organizational interrelationships and recommendations are discussed in the next section of this chapter. The second difficulty involves the task of consolidating, standardizing and upgrading existing program information and management systems to produce a planning and control system usable at the prime sponsor level. The problem can best be handled at this point in time through the design of a prototype "planning and control system" using existing DOL delivery systems. The other chapters of this report address many of the conceptual problems faced in designing compatible reporting systems, service delivery systems and planning systems. The final problem -- establishing and assuring a continuous flow of reliable data from the service delivery system -- is both a design and a policy matter and has been discussed in Chapters VI and VII.

C. Recommended Assignment of Responsibilities

This section will take up some recommended assignments of responsibility under the new system. There is one general point to be made, however, in addressing both the problems above and the assignments below. If DOL is to capitalize on all of the resources and activities presently available within the Manpower Administration, the present fragmentation and lack of coordinated communication must be eliminated. This is a problem with the present system and could be more serious with the recommended one.

While it is possible to specify the tasks that must be accomplished in implementing the recommended systems and to assign responsibility for them under the current Manpower Administration mission statements, it is not possible to offer any panacea for this essentially internal DOL problem. There must be some single point of responsibility for the entire administrative and evaluation system described if it is to function as an entity. This would hold true for any system proposed.

It is clear that, at present, only the Manpower Administrator and his staff are at the proper level of authority and function in relation to the national offices and Regions to develop, manage, and enforce an integrated system. Whether the management of such an effort should be located at the MA level or vested in some single office with the full backing and support of the Manpower Administrator would seem to be the organizational question at issue. In fact, however, the problem is probably part organizational and partially one of the selection of particular individuals with the capability and competence to meld the various efforts discussed below so that a system is created whose parts support both each other and a common set of goals.

The design of the evaluation system has pointed out the inter-relationships among the various administrative functions carried out in the manpower system. The most appropriate vehicle for integrating these functions at all levels is the planning and control system -- the system which also should provide most of the data required for evaluation of programs and within which program resource allocation and control decisions should be made.

The core elements of the system are the planning guidance, the prime sponsor plan, the reporting system, and evaluation. Hence the need for common formats and definitions. As evaluations are performed,

the results should be disseminated through the planning and control system for use in future prime sponsor planning and plan assessment by the Regional Office. The planning and control system provides the structure through which data flows into the evaluation system and results flow out to support administrative functions. What remains to fully describe the evaluation system is to relate it to the existing organizational structure.

Table 4 summarizes the relevant missions of the various organizational units involved and suggests the type of activities each would carry out as first steps in the implementation of the recommended evaluation system. Here roles of the major organizational units are discussed as both contributors to and users of the evaluation system for a decentralized comprehensive manpower program. The discussion is phrased principally in terms of what appears to be the existing organizational responsibilities.

1. Office of the Deputy Manpower Administrator (DMA)

In implementing the recommended evaluation system the DMA would have overall responsibility for the planning and control system and, as an integral part of that system, the Plan vs. Performance Evaluation.

The DMA must play a strong role in directing the development and implementation of the recommended system for two reasons. First, coordinated efforts by the Regions, OPER, USTES, OFMS, OMMDS, and the DMA are necessary to develop a workable system for use nationwide. Evaluation, reporting, planning, allocation and control must all be tied together through a common definitional and conceptual structure if several organizational units are to use or contribute to this common system. Strong central direction and coordination within the Manpower Administration will be essential. Secondly, the planning and operating of the service delivery process under study takes place at the prime sponsor level. All of the DOL's regional line management expertise must be brought into play to ensure that the conceptual and definitional structure created is reasonable and workable. The primary impact in the field will be on the prime sponsor's planning, reporting and monitoring systems and on the regional assessment and approval system. Guidances to and from the regions on these matters are the responsibility of the DMA.

One means of promoting the synthesis of efforts by different offices would be to make the DMA responsible for preparation of a work plan for the development of the planning and control system. The plan would specify the expected outputs from the individual offices which will be available for incorporation by the DMA staff

TABLE 4.--NATIONAL OFFICE FIRST STEPS IN IMPLEMENTING THE RECOMMENDED EVALUATION SYSTEM

Office	Current Mission ^{1/}	Suggested Implementation Steps
Assistant Secretary for Policy, Evaluation, and Research	<ul style="list-style-type: none"> Includes overseeing DOL evaluation systems. 	<ul style="list-style-type: none"> Review an annual plan from the Manpower Administration which describes how the various offices and relevant MA management systems are being linked and integrated through the planning and control system.
Office of the Deputy Manpower Administrator (MA)	<ul style="list-style-type: none"> Includes line management authority over the regional offices. Responsible for disseminating national objectives to regional offices, allocating funds to regional offices, and monitoring regional office performance against plans. 	<ul style="list-style-type: none"> Design a prime sponsor planning and control system which meets the recommended specifications and is compatible with the reporting system and based on the service delivery system model. Development of policy guidelines to be used by the regional offices in interpreting and acting upon information from the Plan vs. Performance Evaluation. Development of a training program for regional office staff on the use of the planning and control system.
Office of Policy, Evaluation, and Research (MA)	<ul style="list-style-type: none"> Includes formulating and recommending the MA program budget, administering the MA manpower research and development program, conducting MA program evaluation. 	<ul style="list-style-type: none"> Prepare an annual evaluation plan for the Manpower Administration which describes the steps to be taken by different offices in implementing the evaluation system. Participate in the design of the prime sponsor planning and control system. Undertake a policy analysis to recommend operational objectives (target groups to be served and effectiveness measures) for the planning and control system. Design the relative effectiveness evaluation which will be carried out in the following years as data become available. Undertake a cost-feasibility study of alternative approaches to collecting comparison group data on a routine basis.
United States Training and Employment Service (MA)	<ul style="list-style-type: none"> Includes program development--the design and development of delivery systems, programs, components, and techniques. Includes development of local area labor market information. 	<ul style="list-style-type: none"> Develop a local labor market series specifically for relative effectiveness evaluation. Design a characterization (model) of the local service delivery system which serves as a definitional base for the prime sponsor planning and control system (local plan format and reporting system).

TABLE 4 (Continued)

Office	Current Mission	Suggested Implementation Steps
Office of Manpower Management Data Systems	<ul style="list-style-type: none"> ● Includes responsibility for designing and maintaining the enrollee and project reporting systems. 	<ul style="list-style-type: none"> ● Participate in the specification of independent variables for the relative effectiveness evaluation. ● Design of on-site studies to determine what services are selected or developed by prime sponsors and how they are implemented. ● Design of a technical assistance program for prime sponsors which would be triggered by the regional office based on the Plan vs. Performance Evaluation and on-site monitoring. ● Design the reporting system which supports the planning and control system. ● Undertake a study of the data processing needs and capabilities of the prime sponsor, State agencies, and regional offices. ● Undertake a cost analysis of alternative approaches to collecting follow-up data.
Office of Financial and Management Systems	<ul style="list-style-type: none"> ● Includes responsibility for designing and maintaining the program financial systems. 	<ul style="list-style-type: none"> ● OFMS should design a method of retrieving cost on service sequences that is compatible with the program reporting system and service delivery process model and adaptable to relative effectiveness evaluation.

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1/ The listing of current responsibilities is not meant to be exhaustive. Only those missions directly related to implementation of the recommended evaluation system are shown.

into the planning and control system. It would include expected developments in: Relative Effectiveness Evaluation, Plan versus Performance Evaluation, service sequence definition and models, service delivery system models, labor market information, program and financial reporting systems.

The DMA is now in the process of developing and implementing an Interim Operational Planning and Control System (IOPCS), which is a step towards the type of vehicle needed for integrating evaluation, allocation, reporting, and program development when the manpower programs decentralize and decategorize. However, the IOPCS is not sufficiently developed to support the administrative functions of the prime sponsor or Regional Office under a decategorized, decentralized program. Information now on the IOPCS (obligations/slots/expenditures/terminations/placements) would be only one type of summary data that could be made from the recommended planning and control system. We recommend that further expansion and refinement of the IOPCS be given high priority within the Manpower Administration.

2. Office of Policy, Evaluation and Research (MA/OPER)

OPER's evaluation program must respond to the needs of operational planners (prime sponsors), line management units (regional offices and DMA) and program, policy, budget and legislative planners (national offices). OPER can best exercise its role by giving highest priority to the recommended Relative Effectiveness Evaluation and by participating in the design of the planning and control system.

OPER would have responsibility for the design and completion of the Relative Effectiveness Evaluations. Component Evaluations and Impact Evaluations should be carried out based upon the Relative Effectiveness Evaluations. It is recommended that as much of the evaluation design as possible be done in-house by OPER in cooperation with OMMDS/OFMS, DMA and USTES. The analysis and the processing of data from the reporting system can be contracted out as necessary.

OPER can relate to the planning and control system in several ways: by conducting effectiveness evaluations compatible with planning formats and instructions, by providing output measures and criteria, and by participating in the design of the planning and control system. OPER should be responsible for undertaking the policy analyses and research which identifies target groups and effectiveness measures to be incorporated in planning instructions and allocation schemes. Since most evaluation will rely in large part on reported data, OPER should participate in the design of the planning and control system to assure that it meets the data requirements of its evaluation program.

OPER has responsibility for planning and directing the Manpower Administration's program evaluation effort. The evaluation plan currently published is a description of contract and staff studies to be done by OPER, largely along categorical program lines. With decentralization and decategorization the DOL evaluation system becomes organizationally more complex. The role of non-comparable individual contract studies becomes less significant and many more organizational units become involved as contributors to or users of evaluation. OPER, in preparing its evaluation program, will need the capability to produce a different type of plan. The evaluation plan should (1) specify the contributions that various offices within the Manpower Administration will make in the upcoming year (such as USTES, OMMDS, OFMS) and (2) the output to be produced for various users (such as the DMA, AS/PER, USTES and OPER itself).

3. United States Training and Employment Service (MA/USTES)

USTES, in implementing the recommended evaluation system has two crucial roles to play:

- (1) Development of consistent and operationally meaningful set of generic definitions, covering service sequences, components and service delivery systems, which will be used throughout the manpower system in planning, control and evaluation systems.
- (2) Development of a local labor market information or descriptor series specifically designed to support evaluation studies.

Categorical program definitions do not now always provide meaningful distinctions for evaluative research, and as more decentralization takes place they will become even less appropriate. Development of generic categories that actually represent groupings of similar local activities is needed for the plan and the reporting system. Furthermore, for the results of a Relative Effectiveness Evaluation effort to be of greatest use to a decentralized, area based program, the analysis must take into consideration labor market conditions. The local labor market series developed in USTES has been little used in program evaluation studies to date.

USTES, in cooperation with the DMA, should design an on-site monitoring program in support of the Plan versus Performance Evaluation and tied to a national technical assistance program for prime sponsors which the Regional Office can trigger. The technical assistance program should be designed and maintained by USTES.

As well as supporting the evaluation system, USTES should be a major user of evaluation in developing and improving models of service sequences, components and service delivery systems. Consequently, it is recommended that USTES be given a major role in shaping the Manpower Administration's evaluation and research programs. Specifically, with respect to evaluation, USTES in consultation with OPER, OMMDS and DMA, should specify the independent variables (labor market, applicant characteristics, service sequences) to be tested in the Relative Effectiveness Evaluation program.

Furthermore, USTES's missions will require an on-site assessment capability of its own to determine the degree to which service sequences disseminated are actually implemented and to seek out and describe new and promising approaches undertaken by prime sponsors once they are located by the evaluation system.

4. Office of Manpower Management Data Systems (OMMDS) and Office of Financial and Management Systems (OFMS)

OFMS and OMMDS will be responsible for large continuing files which will serve as a repository for reporting data and as a source for processing runs on this data in support of both evaluations and the planning and control system.

The design of the data flow in the reporting system, the review of methods and needs for regional and local Electronic Data Processing services, and the assurance of a large file management and maintenance system adequate to support evaluation will fall to OMMDS in the program data area. In addition OMMDS should undertake an analysis of the relative costs and problems in collecting one-year follow-up data by several alternative approaches or combinations of these approaches (i.e., prime sponsor collection, independent contractor, sampling, IRS and Social Security grouped runs, etc.).

OFMS will have similar responsibilities in the area of financial data. This responsibility should include the design of a method of fiscal reporting that is compatible with the program reporting system and service delivery model, adaptable to evaluation purposes, and recovers true costs to the planning element (or individual component) level at local service delivery.

Both OMMDS and OFMS have extensive experience in designing the more formal parts of planning and control systems and can be expected to make significant contributions in this area. These Offices are one potential source of the types of people experienced in integrating diverse components into a single operating system.

5. Office of the Assistant Secretary for Policy, Evaluation and Research (AS/PER)

AS/PER, was established to provide advice and judgment to the Secretary, DOL, on a broad range of matters which contribute to planning the future course of the Department's work. In any major Department activity, the Office of Evaluation, AS/PER, provides guidance and consultation as necessary to assure that proper information is reaching the Secretary relative to program impact. By joint agreement with OPER/MA (the Office of Evaluation), AS/PER reviews their yearly plans, RFP's, and frequently sits on panels to select contractors for major evaluation studies. It also suggests major studies, and jointly supervises the execution of these studies.

In exercising its liaison and overview role, AS/PER should request and comment on an annual action plan for evaluation from the Manpower Administration. The plan should cover both priority evaluation programs: the Plan versus Performance Evaluation under the DMA and the Relative Effectiveness Evaluation program under OPER. AS/PER should be responsible for insuring that the information needs of policy makers at the Secretarial level are being met by both evaluation programs.

6. Regional Offices

Under the recent reorganization of the Manpower Administration, the Regional Manpower Administrators have responsibility for management of manpower programs. Each regional office has been organized on a geographic basis in anticipation of decategorization and decentralization. Within a region, an Associate Regional Manpower Administrator has responsibility for all programs, including the Employment Service, in a State or group of States.

The regional office requires several types of evaluation information to carry out its proposed functions. However, its priority need is for a planning and control system that provides up to date information on the progress prime sponsors are making in implementing plans.

The Urban Institute visited five Regional Offices during a period of reorganization. None of the regions visited had a formal, standardized monitoring system ("plan vs. actual" or site monitoring). Several categorical programs (for example CEP and JOBS) did have monitoring while other programs, like the Employment Service, had monitoring systems in various stages of implementation. However, there was no system for collecting or organizing all available program data to get an overview of an area, State or Region.

The DMA's Interim Operational Planning and Control System now being implemented should begin to fill some of the needs of the regional office for a monitoring system. The problem now is that the interim system is very limited as to the type and detail of information it monitors.

The regional office staff has also been limited in doing on-site monitoring partly due to the time consuming nature of the administrative burdens. Each region monitors several hundred individual contracts with local project sponsors. Each contract is a legal binding agreement to provide certain services. In order to deviate even slightly from the contract, there has to be a contract modification involving much coordination and paper work. This is a very time consuming way to maintain control over the activities of the projects. Every regional office visited was burdened with processing contract modifications. The staff, therefore, has less time for site monitoring or analysis of project data and, consequently, quality control over projects suffered.

Most regional offices seem to be well structured to implement a decentralized/decategorized program. The priority need is a more comprehensive performance monitoring (planning and control) system which allows the RMA's to monitor the quality of prime sponsors' plan implementation. Site monitoring should be structured around the performance monitoring system. A more flexible contracting process that would absorb less staff time would increase the opportunity for monitoring and quality control.

To support its management responsibilities over a decentralized, decategorized program the Regional Office should be provided with:

- The capability to compare actual flow data with planned flow data for each prime sponsor in the region, in order to detect serious problems as the plans are being implemented. In the report, this type of evaluation is called Plan versus Performance Evaluation.
- The data processing support to accumulate and compute success ratios (final performance against plans) on these flow data once the implementation is complete. This information will be used to judge the feasibility of a prime sponsor's new plan. (Also part of Plan versus Performance Evaluation.)
- A means for retrieving from the national evaluation system the probable success ratios, the variance, and the cost of employing a particular service sequence for each type of applicant group each prime

sponsor intends to serve in the particular local labor market conditions in which each prime sponsor will be operating. This information will be used to judge the effectiveness and efficiency of a prime sponsor's plan.

The Regional Office should be responsible for insuring that the data reported by the prime sponsors is complete and reliable and should exercise its monitoring, technical assistance and funding prerogatives to insure this.

7. Prime Sponsors

Under a decentralized system it is the prime sponsor who proposes the allocation of funds among target groups, service sequences, and contractors. It is therefore the prime sponsor who has a priority need for evaluation information. In addition to data about the size and economic need of each target group, he needs information about the cost and effectiveness of service sequences and components and the past performance of his own program. During implementation of plans the prime sponsor also needs evaluative information in order to monitor his own performance and the performance of contractors.

It is therefore recommended that the planning and control system provide the local prime sponsor with evaluation results covering:

- The capability to compare actual performance data with planned performance data, in order to detect problems in his own operation and in the performance of particular contractors as the plan is being implemented. (Plan versus Performance Evaluation)
- The data processing support to accumulate and compute success ratios on flow and performance data once the implementation is complete, for use in designing a more feasible plan for the next phase. (Plan versus Performance Evaluation)
- A means for retrieving from the national evaluation system, the probable success ratios, the variance, and the cost of employing a particular service sequence for each target group in the prime sponsor's particular local labor market conditions. This information will be useful for designing a more effective and efficient plan for the next phase.

APPENDIX 1: LEGISLATIVE PROPOSALS--PLANNING AND EVALUATION REQUIREMENTS

A. Centralized/Categorical Programming: Issues

The current manpower system is characterized by categorical programs, program administration centralized at the federal level, and several local sponsors in each area to whom responsibility for various types and parts of service delivery has been delegated. Each program has its own appropriation, its own allocation scheme, its own guidelines (definitions, procedures and standards), its own management channel, and its own local sponsor. The result has been administrative difficulty at each level and an uncoordinated and awkward-to-manage set of projects locally.

The following sections discuss particular issues associated with both categorical programming and centralized management.

1. Categorical Programming

Categorization refers to the restrictions placed on a program as to which target groups it can serve or what manpower services it can provide. For example, the Work Incentive Program is restricted to a particular target group, while MDTA-Institutional is restricted to specific program services. This earmarking of manpower funds by "categories" is an attempt to maintain some type of control over the quality and consistency of services delivered and to ensure that the groups judged by DOL and Congress to have the greatest need are being served. With the categorical programs, an assumption has been made at the national level as to how specific manpower problems should be treated locally. Given fewer categorical restrictions, a project planner at any level will have more flexibility in choosing on designing service mixes.

Categorization has strongly influenced how programs are administered. Budgeting, program development, reporting, evaluation and monitoring systems have all been organized along categorical program lines. The impact of categorical programming has been especially strong with respect to the establishment of a total manpower program for an area or community. DOL plans on a program-by-program basis and, within a program, on a project-by-project basis. Each categorical program is planned and administered independently of the others. Either through contracts or grants, DOL delegates responsibility for service delivery to a group of independent sponsors. The total local manpower program or problem is not considered in the funding of each separate sponsor (project) in that area. Consequently, the resulting mix of programs may not be the most

appropriate for that area. It may not match the real needs and resources of the community.

CAMPS is an attempt to meet this problem through "cooperative planning and execution of manpower training and supportive manpower service programs." The approach has had limited success because the CAMPS manpower plans developed are not used by DOL or other funding agencies in the process of allocating resources among projects.

Most recent legislative proposals have called for the creation of a comprehensive manpower program planned specifically to meet the needs of each local area. Comprehensiveness can mean that all the services and strategies necessary to meet the objectives are eligible for funds (comprehensive program planning) or that all projects within an area are coordinated (comprehensive area planning), or both. Categorical programs naturally lead to difficulty in comprehensive planning since they limit the options open to the planner. However, elimination of these programs is not a prerequisite to comprehensive planning. This end can be achieved in at least two ways:

- (1) Legislative Decategorization: Categorical restrictions are removed, and resources are appropriated for a comprehensive program. This permits the planner to select the appropriate service mix for each local area.
- (2) Administrative Decategorization: Legislative restrictions remain and resources are appropriated (earmarked) for categorical programs; however, the planner is permitted to select the appropriate program mix for each local area.

Administrative decategorization is less flexible since each categorical program has an overall budget constraint associated with it and some types or amounts of service necessary locally may not be in the categorical package.

Moving towards non-categorical programs opens up a type of management problem which categorical programs, by definition, avoid. While a categorical program can be defined or specified in terms of target group and/or services, a non-categorical program can only be defined in terms of its objectives, which include target groups and performance measures. Categorization emphasizes means, while decategorization at least potentially emphasizes ends. Without an operational statement of objectives, non-categorical programs cannot be planned or administered effectively.

Certainly, both types of programs can be planned and managed by objectives; however, categorical programs can be, and usually are, administered in terms of compliance to categorical restrictions while a decategorized program cannot be handled as effectively in that way. The move toward decategorization should lead DOL to establish a set of measurable operational objectives for the program.

2. Centralization vs. Decentralization

Given the agreement on the need for a local comprehensive program, there remain the issues of who determines local needs and who selects the appropriate program or strategy mix to meet that need. The alternatives are either DOL (most likely through its regional office) or some state or local government unit.

Until recently, the decision concerning what programs operate in an area were made by DOL through its funding of separate local sponsors to operate categorical programs. At present an attempt is being made to coordinate programs at the regional DOL offices. As discussed above, the cumulative results of these decisions depend upon the independent budget constraints and allocation rules (administrative and legislative) of the various categorical programs going into an area.

However, the problem here will not be resolved by decategorization alone. Neither labor market theory nor the information systems (labor market and program) that exist permit effective centralized planning for a particular local area, given either categorical or non-categorical programs. The new emphasis on decentralization is partially based on the assumption that the detailed population and labor market knowledge of State and local officials, acquired through years of operational experience, will contribute to the design and implementation of more effective programs at the local level. Most recent legislative proposals call for decentralization of planning to State or local prime sponsors, and consolidation of all local programs under one prime sponsor.

The degree of decentralization/decategorization can be measured by the flexibility given the prime sponsor in establishing community needs and priorities, in selecting strategies, and in selecting subcontractors. The issue of flexibility is a policy question that must be answered in DOL guidelines. However, one aspect of the issue should be mentioned and that is the conflict between operational flexibility and the requirement of management and evaluation systems for standardization.

Decentralization can be viewed as an opportunity for DOL to fill knowledge gaps by taking itself out of operational management and establishing the evaluation and research programs which can capitalize on the variability among prime sponsors, their programs, and their results to gain an understanding of the interrelationships between manpower programs and the labor market. Decentralization suggests that the prime sponsors may propose different mixes of effort and may have the flexibility to experiment and innovate. This flexibility puts the burden on DOL of defining, describing and analyzing what is being done without implicitly imposing categorical restrictions on local planners.

B. Legislative Proposals

In order to discuss further the implications of decentralization and decategorization, it is necessary to consider planning and control in the context of some overall model administrative system. A general model can be developed from legislation proposed over the past year.

Three pieces of proposed legislation are considered: the Manpower Training Act, S. 2838 (MTA); the Comprehensive Manpower Act, H.R. 19519 (CMA); and the Employment and Manpower Act, S. 3867 (EMA). The first is the Administration bill and reflects DOL policy, while the other two represent alternatives that were given serious consideration. Together they cover the most important aspects of proposals that were put forth in the last year.

The three proposed acts provide the essential components of a decentralized/decategorized system:

- National objectives and priorities will be set by Congress and DOL to guide planning and evaluation.
- An area prime sponsor, usually a unit of local government, is responsible for planning, administering, or providing for the administration of a comprehensive manpower program.
- Prime sponsor funding is contingent upon the annual submission and approval of a plan of service.
- Prime sponsor performance in planning and in carrying out an effective program may be criteria used by DOL in the allocation of resources.
- Both the prime sponsor and DOL have specific evaluation responsibilities.

1. Prime Sponsors and Comprehensive Programming

All three acts provide for a comprehensive manpower program planned and administered by a local prime sponsor. The acts differ in that MTA stresses a strong State role with area prime sponsor, while CMA and EMA stress a strong local government role with no overall administrative responsibilities by the State. ^{1/}

^{1/} These two alternatives will be discussed later. However, they pose no special problem in designing an evaluation system. The State role can be discussed under either case, given the basic evaluation design.

Of the three acts, only the MTA would lead directly to legislative decategorization. The CMA and EMA bills establish a comprehensive program along with a number of categorical programs (a large number in the case of EMA). With these two, comprehensive area planning would require some form of administrative decategorization.

2. Local Plan and Plan Assessment

The CMA and EMA bills differ from the MTA in their requirements for the content of plans; however, they all specify a broad range of eligible activities and require an annual plan of service. The CMA and EMA (Section 105(a) and (b) in both) are the more specific, calling for a description of the services to be provided, the identification of subcontracting agencies and arrangements, and a description of the areas and population to be assisted. This part of the plan is of great importance to this study since it represents the sponsor's recommended allocation among strategies and target groups.

The acts are vague on what constitutes criteria for approval of a plan. MTA requires the Secretary to establish standards of exemplary performance related to the planning for the allocation of resources. CMA and EMA require in the annual plan, among other things, provision for

- (1) coordinated and comprehensive assistance to those individuals requiring manpower and manpower-related services ... effectively serving on an equitable basis the significant segments in that population.

This provision implies that the prime sponsor, in preparing the plan, and the regional office in approving the plan, must have criteria for determining what are effective services for different segments of the population. Under each of the bills, the review of prime sponsor plans would be an important function for DOL in maintaining control over the program.

3. Performance Allocation

Of the three acts, two of them--CMA and MTA--tie funding levels to prime sponsor performance.

MTA (Section 102) requires the development of standards of exemplary performance in administering the comprehensive program. "The standard shall relate to planning for the allocation of resources, program effectiveness, and efficiency and economy, including unit cost, in carrying out such programs." While funds are apportioned to States by formula on the basis of need, the amount the State Comprehensive Manpower Agency receives control of depends on its meeting the standards (100% if it does, 66-2/3% if it doesn't).

CMA apportions funds among States and areas within each State according to three criteria (Section 504 (a) and (b)):

Need - defined as proportional to the number of certain socioeconomic groups in the State (or area) compared to the total number of the nation (or State).

Performance - "the demonstrated capacity of sponsors to conduct effective programs."

Past Allocation - relative size of allocations previously received.

EMA calls for apportionment of the funds on an equitable basis defined in terms of the proportion of target groups in States and areas. The Secretary has available to him under each act, a portion of the appropriation to allocate as he "deems appropriate" to carry out the purpose of the act.

4. Evaluation Responsibility

The three bills lay down broad evaluation responsibilities for DOL and the prime sponsors. DOL is given pretty much the same mandate by all three bills:

Sec. 404. (a) The Secretary shall provide for a system of continuing evaluation of all programs and activities conducted pursuant to this Act, including their cost in relation to their effectiveness in achieving stated goals, their impact on communities and participants, their implication for related programs, the extent to which they meet the needs of persons of various ages, and the adequacy of their mechanism for the delivery of services. He shall also arrange for obtaining the opinions of participants about the strengths and weaknesses of the programs.

The MTA requires the State agency to develop "standards for evaluating the effectiveness of programs carried out under the State plan in achieving the objectives of the Act" and to use those standards in administering its programs (Section 104 (a) (2)).

The CMA and EMA are equally specific concerning evaluation by local prime sponsors. Section 104 (b) of the CMA requires that an application for prime sponsorship also "set forth the prime sponsor's plan for evaluating ... the effectiveness of programs for which financial assistance is provided under this title;" Section 105 (b) requires that the annual plan of service include provisions for "evaluating the effectiveness of programs for which financial assistance is provided under this title in achieving the objectives of such programs." EMA has similar provisions.

The CMA goes much further than the other two in demanding thorough evaluation of the program. Section 509 requires "comparative program information."

Section 509. The Secretary shall not provide financial assistance for any program under this Act unless he determines, in accordance with regulations which he shall prescribe, that periodic reports will be submitted to him containing data designed to enable the Secretary and the Congress to measure the relative and, where programs can be compared appropriately, comparative effectiveness of the programs authorized under this Act. Such data shall include information on --

(1) enrollee characteristics, including age, sex, race, health, education level, and previous wage and employment experience;

(2) duration in training and employment situations, including information on the duration of employment of program participants for at least a year following the termination of participation in federally assisted programs and comparable information on other employees or trainees of participating employers.

(3) total dollar cost per trainee, including breakdown between salary or stipend, training and supportive services and administrative costs.

The Secretary shall compile such information on a State, regional, and national basis.

The mandate for a strong evaluation effort at all administrative levels is clear throughout the legislative proposals. DOL's task would be to carry out the required evaluation effort in such a way that it supports program planning and management at all levels. Therefore, a first step taken by the study in designing the evaluation system is to develop a general model of the manpower system's administrative structure under decentralization and decategorization.

APPENDIX 2: DESIGN AND USE OF A RATING SYSTEM
FOR COMPARING PRIME SPONSORS

This Appendix describes a procedure which could be used by the Department in allocating resources among prime sponsor on the basis of size of target group population, needs of target group and prime sponsor performance in relation to an approved plan.

Section 1 discusses the measures to be used as the basic data for the evaluation of performance. It recommends that the changes in wage rate, earned and unearned income, and job stability, classified into client groups and computed from follow-up surveys, be the basis for comparing prime sponsors and developing plans.

Section 2 illustrates a system for comparing the performance of prime sponsors, taking into account differences in available funds, groups served, and economic environments. The products of this system are indexes for each prime sponsor, indicating whether performance under the plan was exemplary, satisfactory, or below average in terms of improving the employment experience of each group. Such a system will become feasible over time if the recommended evaluation system is implemented.

Section 3 discusses means by which the information collected here may be used to determine the size of the subsequent year's budget of each prime sponsor. Performance information would be used to adjust apportionments made on the basis of size of the target population and need.

1. Actual Performance Levels

Each prime sponsor should be assessed on the basis of how effective his programs were in achieving the goals specified in the manpower legislation as operationally defined here. For each group treated, the following performance measurements should be considered:

- Change in Wage Rate -- Hourly income at Job Entry Completion minus last hourly income on a full time job before enrollment.
- Change in Earned Income -- Earned Income over the 12 month period following Job Entry minus Earned Income over the 12 month period preceding enrollment.

- Change in Unearned Income -- Unearned Income over the 12 month period following Job Entry minus Unearned Income over the 12 month period preceding enrollment.
- Job Stability Measures:
 - Number of jobs in 12 month period preceding enrollment minus number of jobs in 12 month period following Job Entry.
 - Time Unemployed (but looking for work) in 12 month period preceding enrollment minus time unemployed (but looking for work) in 12 month period following Job Entry.
 - Number of weeks employed full time in 12 month period preceding enrollment minus number of weeks employed full time during 12 months following Job Entry.

Data on these specific effectiveness measures will not be available in time to provide an input into the annual performance evaluation that DOL must conduct since they all involve at a minimum a one-year lag from the date that clients leave the program. Many training programs run six months or more and may not be started until near the end of the fiscal year. Therefore, one-year follow-up information cannot be collected until at least a year and a half after the performance evaluation must occur.

Therefore, we recommend that, for the purpose of assessing prime sponsor performance under the plan (as distinct from using evaluation results to determine the best service sequence), preliminary assessments should initially be based on shorter term follow-up data, such as a 3-month follow-up, and that it be based on programs initiated by the prime sponsor in the first half of the fiscal year. This will be complemented by other plan vs. performance comparisons. Program monitoring would be used to detect and prevent sponsors from concentrating their resources on this period. Performance should be reassessed as additional follow-up data on the first set of programs and data on later programs become available. In particular, a reassessment on the basis of one-year follow-up data is recommended as soon as it becomes available.

These effectiveness measures should be applied to each population group served to allow comparisons of prime sponsors' effectiveness in meeting the needs of specific groups. For example, prime sponsor A increases the average hourly wage rates of white male high school graduates by \$.50, compared with prime sponsor B's increase for white male high school graduates of only \$.20 in the same period.

The total client population should be disaggregated for this purpose into groupings that reflect difference in expected performance. Formally, the categorization should be such that the expected variation in performance within a group is significantly smaller than the expected variation in performance among the groups. We do not know at this time what categories will be significant nor do we know the impact of these categories on achievement. However, the evaluation analysis described in Chapter VII will provide this information. The reporting system suggested elsewhere in this report will provide the data base for this calculation.

In the ensuing example, we shall use sixteen race-sex-age-education categories listed in Table 1. The statistical analysis may reveal that some of these groupings are not necessary and that other groupings of these variables or additional variables are required.

2. Comparison of Prime Sponsors' Performance Levels

With measures of the performance of each prime sponsor in achieving the program goals for each client group, comparisons among prime sponsors operating under similar conditions are possible. This section presents an example of techniques for making these comparisons.

The task is complicated by the multi-dimensional character of the performance criteria. The manpower programs serve many, sometimes conflicting, goals and they are conducted for persons with quite different background. To answer the question "Is this prime sponsor's performance satisfactory?" may require collapsing all of these dimensions into one index.

Further, it must be accomplished in such a way as to not penalize a prime sponsor who chooses to concentrate his resources on the most difficult-to-help clients (if this was in his plan and was approved) or who had to operate his programs in an economic environment that was not conducive to good results no matter what he did.

The performance index we have chosen for comparing prime sponsors in this example is a measure of the average change in earned income for each participant group. To some extent each of the six effectiveness criteria listed above are reflected in this measure, even though valuable information is lost in the aggregation. The separate criteria rather than simply the earnings index should certainly be used in planning program strategies and in actual evaluations. In addition, for some groups, other output measures such as change in educational status and reduction in welfare reciprocity, may be more valid.

In order not to bias comparisons in favor of prime sponsors who were initially given more program funds or who chose to concentrate their funds intensively on fewer clients, the performance index should be expressed as the ratio of average increased earnings per funds expended on each client.

TABLE 1.--SAMPLE SET OF APPLICANT GROUP CATEGORIES

1. White, male, under age 22, under 12 years education.
2. White, male, under age 22, 12 or more years education.
3. White, male, age 22 or over, under 12 years education.
4. White, male, age 22 or over, 12 or more years education.
5. White, female, under age 22, under 12 years education.
6. White, female, under age 22, 12 or more years education.
7. White, female, age 22 or over, under 12 years education.
8. White, female, age 22 or over, 12 or more years education.
9. Nonwhite, male, under age 22, under 12 years education.
10. Nonwhite, male, under age 22, 12 or more years education.
11. Nonwhite, male, age 22 or over, under 12 years education.
12. Nonwhite, male, age 22 or over, 12 or more years education.
13. Nonwhite, female, under age 22, under 12 years education.
14. Nonwhite, female, under age 22, 12 or more years education.
15. Nonwhite, female, age 22 or over, under 12 years education.
16. Nonwhite, female, age 22 or over, 12 or more years education.

A program's expected success may be expected to vary according to the environment within which it is operating. Therefore it is necessary to adjust in some way for differences in labor market conditions among prime sponsors prior to comparing their performances.

Clustering prime sponsors into groups according to environment moves in the direction of more equitably comparing them. Nonetheless, the sticky problem arises of cluster borderline projects that look good in a lower cluster but bad on a higher one, as would be expected if the classifying characteristics are correct. Furthermore, if there are a large number of relevant characteristics, the number of sponsors in particular clusters may be quite small.

The procedure used in the illustration below has been designed to enable comparisons between prime sponsors operating under similar conditions by establishing fixed clusters, and therefore is subject to the above limitations.

Step 1

Compute each prime sponsor's effectiveness in serving each applicant group. Effectiveness is measured by the change in average earnings divided by cost, as discussed above. Suppose there are 16 applicant groups and 300 prime sponsors. Then the results will appear as in Table 2.

Step 2

Classify each prime sponsor by exogenous variable that may influence the effectiveness of his programs (other than variables under sponsor's control, such as treatment strategy or client mix.) Size of labor force, urban or rural, unemployment rate, and job vacancy rate are likely variables. This step is shown in Table 3.

Using these variables, assign each prime sponsor to a group that is relatively homogeneous with respect to labor market environment. For example, the following categories may be used:

A. Labor Force

1. One million or more
2. 500,000 to one million
3. 100,000 to 500,000
4. 50,000 to 100,000
5. Under 50,000

B. Type

1. Urban
2. Rural

TABLE 2.--EFFECTIVENESS OF PRIME SPONSORS
IN SERVING EACH CLIENT GROUP

Group Sponsor	White Male Under 22, Grad.	Nonwhite Female Over 22, Grad.
Ala.-1 Ala.-2		
Wyo.-1		
Average		

TABLE 3.--ENVIRONMENTAL VARIABLES EFFECTING
EACH PRIME SPONSOR

Background Variable Sponsor	Labor Force Size	Vacancy Rate
Ala.-1 Ala.-2		
Wyo.-1		

C. Unemployment Rate

1. Over 8.0 percent
2. 6.0 to 8.0 percent
3. 4.5 to 6.0 percent
4. 3.0 to 4.5 percent
5. Under 3.0 percent

D. Job Openings Available at Employment Service as Percent of Labor Force

1. Above .6 percent
2. .3 to .6 percent
3. Under .3 percent

Although the number of groups resulting from this could be as many as 150, in fact, the majority of these groups should be empty--rural communities do not have large labor forces and communities with high unemployment rates are unlikely to have high job vacancy rates.

Step 3

Grouping prime sponsors this way implies a relationship between the performance measure and each of the background variables. If only these variables were responsible for the success or failure of the manpower programs operating in each prime sponsor's area, then there would be no point in trying to identify and reward or punish prime sponsors with particularly good or bad performances. This would be the case if the performance of each prime sponsor in a group was similar.

More likely, however, this will not be the case. This should be determined by computing the average performance level in each group. This level is then compared with the actual level of performance by computing the ratio (actual performance/average performance). Table 4 illustrates the results.

Both stages should be repeated for each of the applicant groups.

The ratios of actual to predicted performance computed in the preceding step are crude estimates of how well each prime sponsor performed in treating each applicant group. They should be interpreted with caution, particularly in the first year or so of the program, because of the weak data base and the absence of an adequate understanding of what really accounts for variation in program effectiveness.

The latter problem has forced us to measure relative performance as a residual after attempting to take into account differences in labor market environment from one sponsor's area to another. This technique will

TABLE 4.--ACTUAL AND EXPECTED PERFORMANCE OF EACH PRIME SPONSOR IN SERVING CLIENT GROUP 1

Performance Sponsor	Actual Performance	Performance Pre- dicted from Back- ground Variables	Ratio of Actual to Expected Performance
Ala.-1 Ala.-2			
Wyo.-1			
Average			

yield an unbiased estimate of relative performance only if relative performance does not vary systematically with any of the background variables affecting actual performance. For example, if more competent prime sponsors tend to be located in urban areas, then by including the latter as a group we have understated the relative effectiveness of these urban prime sponsors. The cost of not grouping them in one way or another is to risk attributing relative competence to sponsors who, in fact, happen to be operating in environments that are more conducive to good performance.

Step 4

Determine cut-off points for the actual/predicted performance ratios that will classify prime sponsor relative effectiveness into three categories: outstanding, satisfactory, and below average. For example, it could be declared that prime sponsors whose actual effectiveness was at least twice that of the effectiveness expected on the basis of their labor market environment would be considered to have performed outstandingly in treating an applicant group and those whose performance was under half of the expected level were below average. The boundaries selected should reflect the degree of confidence we have in the measurements. For the first year, a wide band is appropriate. Statistical significance tests (analysis of variances) may be used to determine these boundaries.

With these boundaries, rank each prime sponsor's effectiveness in serving each applicant group. Table 5 illustrates the results.

This and the preceding steps should be carried out by the National Office and the results transmitted to the Regional Office.

Step 5

Each prime sponsor will now have effectiveness scores for each group treated. If DOL intends to base part of its funding to prime sponsors on their established effectiveness, an aggregate measure should be estimated. In doing so, consideration should be given to the relative number of clients in each group, which will vary among the sponsors. For example, if only 2% of Wyoming clients were from the first client group, while 20% were from the last, the outstanding performance for the former is not sufficient to offset the below average performance for the latter.

In addition, the Regional Office should here consider differences between the client and treatment mix set forth in the sponsor's plan and the client and treatment mix actually carried out. For example, if the sponsor did not place as much emphasis on the treatment of black teenagers or did not provide them with the kinds of training outlined in the plan, and if the reasons for these deviations are not acceptable, then the sponsor should be penalized. The Regional Office should also consider special circumstances that may have affected a sponsor's performance, such as unforeseeable plant closings.

TABLE 5.--PRIME SPONSOR EFFECTIVENESS
IN SERVING EACH CLIENT GROUP

Group Sponsor	White Male Under 22, Grad.	Nonwhite Female Over 22, Grad.
Ala.-1	(Outstanding, satisfactory, or below average)	
Wyo.-1		

Step 6

Each prime sponsor has now been rated according to the percent of his program participants that were treated with outstanding, satisfactory, and below average effectiveness, and conformance to intent of plan. Rewards and sanctions can be based on these measures by specifying the values (percentage outstanding minus percentage below average) needed to be eligible for incentive grants and the like. The following section discusses one such incentive system.

3. Impact on Budget

From a procedure like that described in the example of Section 2, each prime sponsor could be assigned a rating based on his performance in achieving the goals of the comprehensive manpower legislation during the preceding fiscal year. If these ratings were based on valid, reliable and generally agreed upon indicators of program success, they could be used to improve the effectiveness of the total manpower effort in at least three ways:

First, if the legislation permitted, ratings could be used to apportion program funds among prime sponsors' areas. The comprehensive legislation originally passed by the House specifically provided that "the demonstrated capacity of sponsors to conduct effective programs" be taken into account in allocating at least seventy percent of Titles I, II, and III among states and prime sponsors. In addition, most of the remaining thirty percent may be allocated at the discretion of the Secretary and could therefore include performance as an apportionment factor.

Second, ratings could be used as a basis for rewarding or penalizing individuals associated with outstanding or below average areas. Changes in prime sponsor designations and contractors is one form this could take.

Third, a below average rating could be used as one signal for identifying prime sponsors in need of technical assistance, including further diagnosis of their specific problems. To pinpoint the specific problems disaggregated information is required. (Our proposed evaluation system, set forth in Chapter VII, discusses this disaggregated information and its uses.) Similarly, an outstanding rating is an indication that the prime sponsors may have found particularly effective new techniques. DOL should attempt to identify them and determine whether they are replicable in other areas.

The apportionment formula promulgated, if legislation permits, by the Secretary, could include a performance factor that would reflect the three-rating system proposed here. The formula could be the following form:

$$A = F (F_1, F_2, \dots, F_n) \times (P)$$

where A is the percentage of formula funds allocated to the prime sponsor; F_1, F_2, \dots, F_n are measures of the relative need of the community, such as unemployment, number of low-income families, labor force, and so forth; and P takes the value of 1.00 for jurisdictions where the prime sponsor's performance in the preceding year is satisfactory, $(1 + x)$ where outstanding, and $(1 - x)$ where below average, as indicated by the techniques set forth above and confirmed by an on-site assessment. That is, an outstanding performance will bring an additional x percent of funds under Titles I, II and III into the area and a below average performance will bring in x percent less. Five percent is recommended as the incentive value ($x = 0.05$) for the first year of implementation after performance is assessed. As DOL gains more precision and reliability in its performance measures, the percentage might be changed.

If information concerning the prime sponsor's performance becomes available after the allocation that would change the evaluation from below average to satisfactory, DOL could provide a supplemental allocation later in the fiscal year from its discretionary funds.

APPENDIX 3: AN EXAMPLE OF ALLOCATION BY THE PRIME SPONSOR

In order to make the allocation process clearer, an example is worked through here. For ease of exposition we shall assume that the local planner has decided to use only three groups to categorize the population. The procedure outlined, however, is perfectly general and can be applied to as many groups as the local planner needs.

The "raw material" with which the planner starts is his information about the size of each group, the efficiency of the best service for each group, and the economic status for each group. Let us assume that the planner has calculated these (see Table 1).

The final product which the local planner wishes to produce is shown in Table 2. The problem is to fill in the nine blanks in Table 2.

Step 1

The first step is to convert the numbers in Table 1 from absolute amounts to relative amounts. In the case of population size, the planner divides each of the three figures in the first column of Table 1 by the total population (200,000). This gives the fraction of the total population in each group. (See Column 1 of Table 3). Next, the planner divides the average increase in income for each group by the average cost to obtain a measure of efficiency. The benefit-cost ratios he would obtain in this case are 2.67, 2.40, and 3.00 for Negroes, Spanish-Surnamed, and Others, respectively. To obtain a relative efficiency measure, the planner divides each of these ratios by the average benefit-cost ratio (2.69). This gives the relative efficiency of helping each group. (See Column 2 of Table 3). Finally, the planner computes the ratio of the average income of the entire population (\$4,375) to the average income of each group. (See Column 3 of Table 3).

Step 2

Next, the planner selects the weights he wishes to attach to the three factors appearing in Table 3. Let (a) denote the weight attached to relative population (P); let (b) denote the weight attached to relative efficiency (E); let (c) denote the weight attached to relative need (N). For simplicity, assign fractional values to each weight (between zero and one) such that the weights add up to one. (For example, a = .1, b = .2, c = .7; a+b+c = 1.0.)

Step 3

Compute the allocation factors (F_i) using the following formula:

$$F_i = P_i \left[a + bE_i + cN_i \right]$$

TABLE 1.--SAMPLE PLANNING FACTORS:
CHARACTERISTICS OF TARGET GROUP AND RESULTS
ACHIEVABLE WITH BEST STRATEGY FOR EACH GROUP

Target Group	Population Size	Avg. Expected Increase in Income	Average Cost	Average Family Income
Negro	75,000 ^{a/}	\$1,000	\$375	\$4,000
Spanish-Surnamed	25,000	600	250	3,000
Others	100,000	900	300	5,000

^{a/} The numbers are purely illustrative.

TABLE 2.--SAMPLE PLANNING MATRIX

Target Group	Number Served	Total Cost	Increase in Income
Negro			
Spanish-Surnamed			
Others			

CONTINUED

3 OF 3

TABLE 3.--SAMPLE PLANNING FACTORS

Target Group	Fraction of Total Population (P)	Relative Efficiency (E)	Ratio of Average Income to Group's Income (N)
Negro	.375	0.993	1.094
Spanish-Surnamed	.175	0.892	1.458
Other	.500	1.115	0.875

In the example shown here, three non-normalized allocation factors would be calculated -- one for each of the three groups. The results are shown in the first column of Table 4.

Step 4

Since the planner needs a set of allocation factors which he can directly multiply by the total budget, the F_i factors must be normalized by dividing by their sum (in the example, $F_1+F_2+F_3 = 1.029$). The normalized allocation factors (A_i) are displayed in Column 2 of Table 4.

Step 5

The normalized allocation factors indicate the fraction of the total budget to be allocated to each group. By multiplying each of them by the total budget (for example, \$1,000,000), the planner obtains the actual sum of money ($\$i$) to be spent upon each group. This shows in Column 3 of Table 4.

Step 6

The planner can now fill in the missing items in Table 2. The total cost is simply reproduced from Column 3 of Table 4. The number served can be computed by dividing total cost by average cost (Column 3 in Table 1). Total increase in income for each group can be computed by multiplying the number served by the average increase in income (Column 2 in Table 1). The filled in version of Table 2 is shown in Table 5.

Tables 1 and 5 combined with the three weights chosen (a, b, and c) comprise the essential allocation elements of the local prime sponsor's plan.

The formula used above is only one example of several which could have been used to combine the three considerations the planner needs to take into account. As an example, it has the advantage of simplicity -- making clear how the three factors are combined to create one index number. Three major points are to be made.

The example illustrates the flexibility needed due to the lack of reliable effectiveness information. During the early years when information about the effectiveness of strategies is either weak or non-existent, the weight (b) applied to relative efficiency (E) can be either very small (say .1 or .2) or zero. This will result in the allocation depending mostly (or entirely) on relative population size (P) and relative need (N).

The example illustrates how the Regional Office or the National Office of the Department of Labor in a straightforward way, could exercise some degree of control over the local prime sponsor's allocation: By specifying the values the weights (a, b, and c) take on or by specifying a range in which each weight must fall, the Department of Labor can influence, to the degree it wishes, the allocation chosen by the prime sponsor. For

TABLE 4.--SAMPLE ALLOCATION OF PRIME SPONSOR'S BUDGET

TARGET GROUP	F_i	A	$\$i$
Negro	.399	.388	\$ 388,000
Spanish-Surnamed	.162	.158	158,000
Other	.486	.454	454,000
Sum	1.029	1.000	\$ 1,000,000

TABLE 5.--SAMPLE PRIME SPONSOR PLAN SUMMARY

Target Group	Number Served	Total Cost	Total Expected Increase in Income
Negro	1,035	\$388,000	\$1,035,000
Spanish-Surnamed	632	158,000	379,200
Others	1,513	454,000	1,361,700

example, as the information on effectiveness improves, the National Office could insist that the weight (b) given to relative efficiency (E) be increased from, say, .1 to .3. At the plan assessment stage, the assessor could argue that the local prime sponsor has chosen inappropriate weights and insist that they be changed.

It should be noted that the impact of these weights is not trivial. For example, an allocation based on population alone would have given the Spanish-surnamed group only \$125,000 as compared with the \$158,000 they get with the weights chosen in the example. (This amounts to better than a 25 percent increase.) Thus, the choice of weights is not inconsequential.

Finally, it must be pointed out that choice of precise weights is arbitrary and depends on value judgments of individual decision-makers. This is unavoidable when equity is being balanced against efficiency. The advantage of this system is that it makes the balancing of the three considerations explicit rather than implicit (as is usually the case). This means that arguments about the allocation chosen can be made with everyone in possession of the relevant facts and everyone knowing what the argument is about. The example shows how information must be presented in order to integrate national objectives with local objectives and priorities.

END