




SEP 24 1999

MEMORANDUM FOR: RAYMOND L. BRAMUCCI  
Assistant Secretary for Employment  
and Training

FROM:   
JOHN J. GETEK  
Assistant Inspector General  
for Audit

SUBJECT: Followup Review on Changes in JTPA Title IIA's AFDC  
Participant Earnings Capacity and Attachment to the Labor Market  
13 to 24 Months After Termination  
Management Letter Report No. 06-99-011-03-340

We have completed a followup review to Report No. 06-98-002-03-340, "Profiling JTPA Title IIA's AFDC Participants," issued May 4, 1998. In that audit, we evaluated the Job Training Partnership Act (JTPA), Title II-A program's efforts to serve participants who were receiving Aid to Families with Dependent Children (AFDC) at the time of enrollment.

The May 4, 1998, audit report focused on evaluating services provided and outcomes reported for AFDC recipients who terminated from the JTPA program during the period July 1, 1995, through June 30, 1996, and focused on the first 12 months (1<sup>st</sup> year) of earnings after termination. In general, we found that participants who received JTPA-funded occupational skills training did better in relation to earnings capacity and attachment to the labor market than those with nonoccupational training or those who received no training.

In this followup management letter report, we are presenting for your information the changes in the participants' earnings capacity and their attachment to the labor market from 13 to 24 months (2<sup>nd</sup> year) after program termination. To do this, we obtained wage records for the participants in our sample for the 12 audit sites to determine participant earnings and the number of employers they worked for from 13 to 24 months after termination.<sup>1</sup> The results for our participant sample were expanded to the population of 76,246 AFDC recipient JTPA participants.

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<sup>1</sup> In obtaining wage records for the 13 to 24 month followup period for the participant sample, we also obtained some additional wage records for some participants for the 1 to 12 month evaluation period that were not available at the time of the previous report. While such additional records were few, they were used in this comparison followup report. Consequently, the wage information analysis in this report for the 1 to 12 month period will not agree exactly with the same information in the prior report.

*Working for America's Workforce*

### Participants' Earning Capacity

Figure 1 below shows the **changes in earnings for all participants** for the 1<sup>st</sup> and 2<sup>nd</sup> years after termination. As indicated, overall there were only slight changes in the number of participants within the wage ranges. The number of participants with no reported wages increased by 1,786 participants, a 10 percent increase over participants with no wages during the 1<sup>st</sup> year after termination, and a 2.3 percent increase for the participant universe.

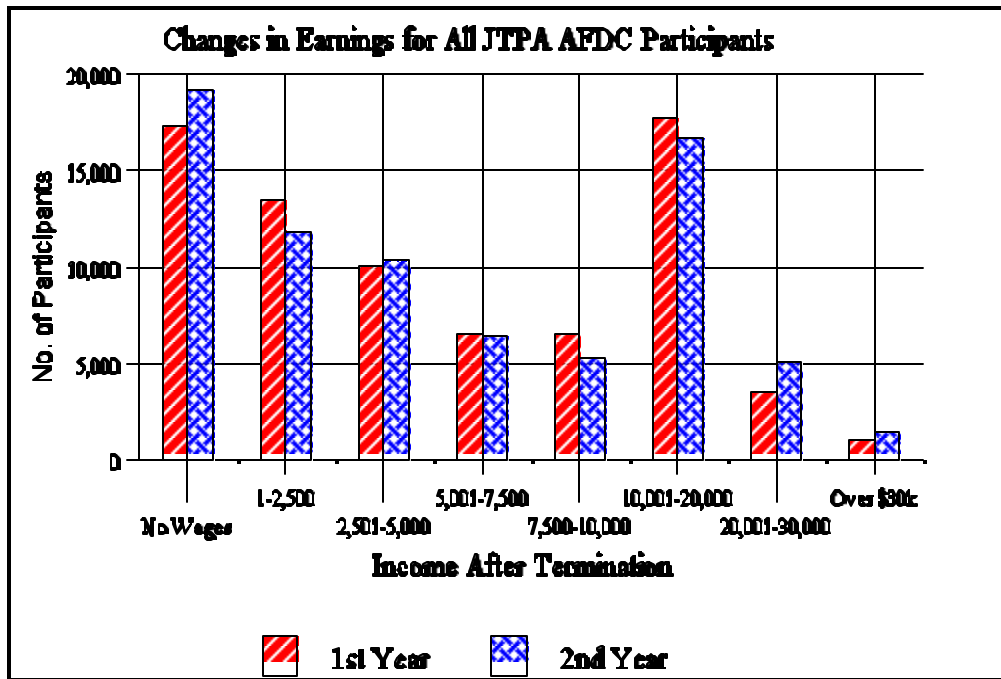


Figure 1

In the 1<sup>st</sup> year after termination, 4,580 participants earned \$20,000 or more. In the second year, the number rose to 6,575, an increase of 44 percent for the two wage categories -- \$20,001 - \$30,000 and over \$30,000. However, when compared to the overall AFDC population (76,246 participants), the change was only 2.6 percent.

The following Table A shows the movement of specific participants from one earnings range to another. The shaded boxes indicate participants whose reported earnings range did not change between the 1<sup>st</sup> and 2<sup>nd</sup> years after termination. Out of the 76,246 participants in the universe, 30,857 participants' (40 percent) earnings showed no significant increase or decrease between the two periods while 31 percent saw an increase in earnings (above shaded area) and 29 percent saw a decrease in earnings (below shaded area). For example, 3,985 participants had wages of \$1- \$2,500 in the 1<sup>st</sup> year after termination but had no wages in the 2<sup>nd</sup> year after termination. Conversely, 3,256 participants had no wages in the 1<sup>st</sup> year, but had wages of \$1- \$2,500 in the 2<sup>nd</sup> year after termination.

Table A Changes in Participant Earnings Between the 1 <sup>st</sup> and 2 <sup>nd</sup> Year After Termination										
Earnings for 2 <sup>nd</sup> YR After Termination										
Earnings Ranges	No Wages	\$1 - 2,500	\$2,501 -5,000	\$5,001 -7,500	\$7,501 -10,000	\$10,001 -20,000	\$20,001 -30,000	Over \$30k	1 <sup>st</sup> YR. Totals	
Earnings 1 <sup>st</sup> YR After Termination	No Wages	10,304	3,256	1,738	1,109	189	616	149	0	17,361
	\$1 - 2,500	3,985	4,175	2,151	1,180	617	1,263	82	0	13,453
	2,501-5,000	1,816	1,971	3,000	679	1,165	1,313	107	0	10,051
	5,001-7,500	854	1,128	913	1,115	620	1,832	0	16	6,478
	7,501-10,000	741	1,066	569	1,184	1,021	1,688	286	16	6,571
	10,001-20,000	1,010	226	1,952	1,027	1,623	9,202	2,548	164	17,752
	20,001-30,000	444	0	0	0	0	645	1,600	842	3,531
	Over \$30k	0	0	0	142	0	142	325	440	1,049
	2nd YR Totals	19,154	11,822	10,323	6,436	5,235	16,701	5,097	1,478	76,246

In our previous audit report, we identified 55,683 participants who received JTPA-funded training/services. We attempted to analyze the impact that the different levels of program activity had on participants' earnings capacity. Tables B.1 through B.3 below show the changes in the earnings for participants in the following three groups between the 1<sup>st</sup> and 2<sup>nd</sup> years.

- ! **Occupational Training**, which included classroom training, on-the-job training, and work experience, and was job or field-specific. (Table B.1 -- 32,238 participants)
- ! **Nonoccupational Training**, which included training such as Basic Skills or GED preparation, life skills, computer literacy training (nonspecific), and other similar activities to prepare participants for employment. (Table B.2 -- 9,466 participants)
- ! **Objective Assessment Only**, where no services were provided to the participant other than the assessment activity. (Table B.3 -- 13,979 participants)

<b>Table B.1</b> <b>Wages Earned the 1<sup>st</sup> and 2<sup>nd</sup> Year Following Program Termination for Participants Who Received JTPA-Funded <i>Occupational Skills Training</i></b>				
<b>Wage Range</b>	<b>1<sup>st</sup> Year</b>	<b>2<sup>nd</sup> Year</b>	<b>Increase/ (Decrease)</b>	<b>% Inc./Dec.</b>
No wages	6,252	7,660	1,408	22.5%
\$1 - 2,500	3,520	5,190	1,670	47.4%
\$2,501 - 5,000	3,647	3,154	(493)	-13.5%
\$5,001 - 7,500	2,733	2,053	(680)	-24.9%
\$7,501 - 10,000	3,097	1,819	(1,278)	-41.3%
\$10,001- 20,000	9,542	7,921	(1,621)	-17.0%
\$20,001 - 30,000	2,623	3,059	436	16.6%
Over \$30,000	824	1,382	558	67.7%
Total	32,238	32,238	0	

<b>Table B.2</b> <b>Wages Earned the 1<sup>st</sup> and 2<sup>nd</sup> Year Following Program Termination for Participants Who Received JTPA-Funded <i>Nonoccupational Skills Training</i></b>				
<b>Wage Range</b>	<b>1<sup>st</sup> Year</b>	<b>2<sup>nd</sup> Year</b>	<b>Increase/ (Decrease)</b>	<b>% Inc./Dec.</b>
No wages	2,392	3,154	762	31.9%
\$1 - 2,500	1,834	1,086	(748)	-40.8%
\$2,501 - 5,000	1,083	1,401	318	29.4%
\$5,001 - 7,500	944	864	(80)	-8.5%
\$7,501 - 10,000	848	1,041	193	22.8%
\$10,001- 20,000	2,169	1,435	(734)	-33.8%
\$20,001 - 30,000	155	447	292	188.4%
Over \$30,000	41	38	(3)	-7.3%
Total	9,466	9,466	0	

<b>Table B.3</b> <b>Wages Earned the 1<sup>st</sup> and 2<sup>nd</sup> Year Following Program</b> <b>Termination for Participants Who Received</b> <b>JTPA-Funded <i>Objective Assessment Only</i></b>				
<b>Wage Range</b>	<b>1<sup>st</sup> Year</b>	<b>2<sup>nd</sup> Year</b>	<b>Increase/ (Decrease )</b>	<b>% Inc./Dec.</b>
No wages	4,439	2,976	(1,463)	-33.0%
\$1 - 2,500	3,482	3,238	(244)	-7.0%
\$2,501 - 5,000	2,176	2,885	709	32.6%
\$5,001 - 7,500	1,154	1,312	158	13.7%
\$7,501 - 10,000	906	516	(390)	-43.0%
\$10,001- 20,000	1,522	2,653	1,131	74.3%
\$20,001 - 30,000	158	383	225	142.4%
Over \$30,000	142	16	(126)	-88.7%
Total	13,979	13,979		N/A

Figure 2 shows the **changes in earnings between the two periods**; i.e., it compares the results of Tables B.1, B.2, and B.3. Solid lines represent the 1<sup>st</sup> year; dashed lines, the 2<sup>nd</sup> year. As shown, the trends established in the first year continued in the second year. Participants receiving occupational skills training continued to earn more than those who received nonoccupational training or objective assessment only.

However, Figure 2 and the table below also show that the earnings gap between participants who received occupational skills training and those who received only objective assessment decreased in the 2<sup>nd</sup> year. For example, the following table shows that in the 1<sup>st</sup> year the gap between the two groups was 27.3 percent (59.7 compared to 87). In the 2<sup>nd</sup> year, the gap narrowed to 16.6 percent (61.6 to 78.2).

Participant Activity	Year After Termination	Percent of Participants Whose Earnings are Below the Earnings Level			
		\$30,000	\$20,000	\$10,000	\$7,500
Occupational Training	1 <sup>st</sup> Year	97.4	89.3	59.7	50.1

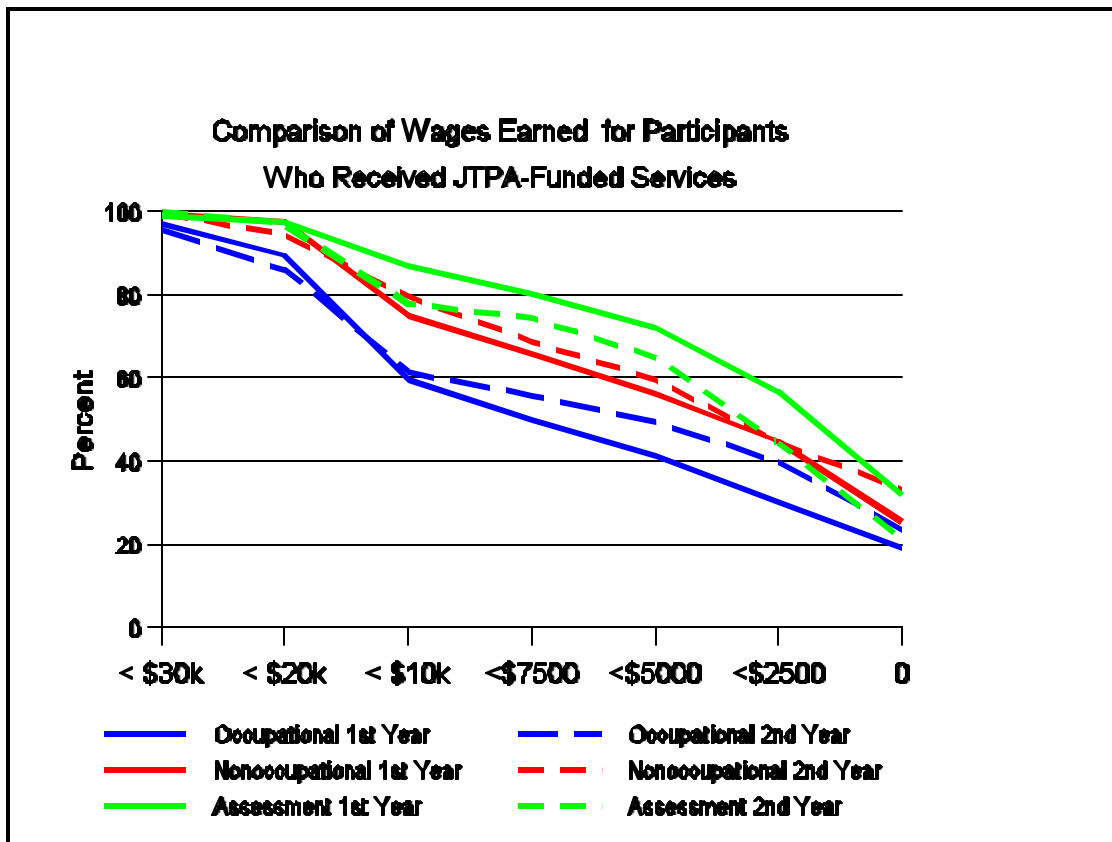


Figure 2

	<b>2<sup>nd</sup> Year</b>	<b>95.7</b>	<b>86.2</b>	<b>61.6</b>	<b>56.0</b>
<b>Assessment Only</b>	<b>1<sup>st</sup> Year</b>	<b>99.0</b>	<b>97.9</b>	<b>87.0</b>	<b>80.5</b>
	<b>2<sup>nd</sup> Year</b>	<b>99.9</b>	<b>97.2</b>	<b>78.2</b>	<b>74.5</b>

### Participants' Attachment to The Labor Market

As we reported in our first report, the ultimate goal of the Welfare-to-Work program is to *move individuals into and keep individuals in lasting unsubsidized employment*. To evaluate the JTPA Title II-A program's success in accomplishing this same goal for AFDC recipients, we analyzed the number of different employers the AFDC recipients had wages with in the 1<sup>st</sup> and 2<sup>nd</sup> years following JTPA program termination.

Table C.1 on the following page shows the overall changes in the numbers of employers participants had during the 2<sup>nd</sup> year -- whether they had wages in one, two, three, or all four quarters -- and calculates the increase or decrease. As indicated in Table C.1, there was a 12 percent increase in the number of participants who had wages in the 2<sup>nd</sup> year, a significant **net decrease** in the number of participants who had wages with only one or two employers, and a **significant increase** in the number of participants with wages with four or more employers.

<b>Table C.1</b>					
<b>Number of Employers Participants Worked for in the 1<sup>st</sup> Year versus the 2<sup>nd</sup> Year Following Termination</b>					
<b>Number of Employers</b>	<b>1<sup>st</sup> Year</b>		<b>2<sup>nd</sup> Year</b>		<b>Percent Change</b>
	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	
<b>1</b>	<b>30,107</b>	<b>51.1</b>	<b>20,149</b>	<b>30.6</b>	<b>-33.1%</b>
<b>2</b>	<b>13,225</b>	<b>22.5</b>	<b>15,425</b>	<b>23.4</b>	<b>16.6%</b>
<b>3</b>	<b>9,489</b>	<b>16.1</b>	<b>11,686</b>	<b>17.7</b>	<b>23.2%</b>
<b>4</b>	<b>4,125</b>	<b>7.0</b>	<b>6,946</b>	<b>10.5</b>	<b>68.4%</b>
<b>5</b>	<b>480</b>	<b>0.8</b>	<b>4,222</b>	<b>6.4</b>	<b>779.6%</b>
<b>6+</b>	<b>1,452</b>	<b>2.5</b>	<b>7,514</b>	<b>11.4</b>	<b>417.5%</b>
<b>Total</b>	<b>58,878</b>	<b>100.0</b>	<b>65,942</b>	<b>100.0</b>	<b>12.0%</b>

Table C.2 analyzes those participants who had wages in **all four** quarters of the evaluation periods ( 1<sup>st</sup> and 2<sup>nd</sup> year).

<b>Table C.2</b>					
<b>Number of Employers for Participants Who Had Wages in all Four Quarters During the 1<sup>st</sup> and 2<sup>nd</sup> Years</b>					
<b>Employers</b>	<b>1<sup>st</sup> Year</b>		<b>2<sup>nd</sup> Year</b>		<b>Change</b>
<b>No.</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	
<b>1</b>	<b>13,637</b>	<b>45.7</b>	<b>4,096</b>	<b>21.8</b>	<b>-70.0%</b>
<b>2</b>	<b>6,048</b>	<b>20.2</b>	<b>4,079</b>	<b>21.7</b>	<b>-32.6%</b>
<b>3</b>	<b>5,511</b>	<b>18.4</b>	<b>3,985</b>	<b>21.2</b>	<b>-27.7%</b>
<b>4</b>	<b>3,070</b>	<b>10.3</b>	<b>2,125</b>	<b>11.3</b>	<b>-30.8%</b>
<b>5</b>	<b>189</b>	<b>0.6</b>	<b>1,189</b>	<b>6.3</b>	<b>529.1%</b>
<b>6+</b>	<b>1,420</b>	<b>4.8</b>	<b>3,324</b>	<b>17.7</b>	<b>134.1%</b>
<b>Total</b>	<b>29,875</b>	<b>100.0</b>	<b>18,798</b>	<b>100.0</b>	<b>-37.1%</b>



As Table C.2 shows, overall, 37 percent fewer participants had earnings in all four quarters. Furthermore, for those participants with earnings in all four quarters, there was a dramatic **decrease** in the number of participants who worked for only one employer during the 2<sup>nd</sup> year after termination and a significant **increase** in the number of participants who worked for more than four employers.

The 2<sup>nd</sup> year data show a trend developing where participants have detached themselves from their initial employers and may be having difficulty maintaining a relationship with an employer.

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This letter report is provided for information purposes. No response is required.

If you have any questions regarding this letter report, please call John Riggs, Regional Inspector General for Audit, Dallas, at 214-767-6980.