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Spring 1976

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Manpower Training and Public Sector Job Creation Under CETA: The Experience in Maine and New Hampshire

Abstract

On December 28, 1973 President Nixon signed Public Law 93-203, the Comprehensive Employment and Training Act (CETA). The new law represents a significant shift in the roles played by federal, state, and local officials in the expenditure of federal money for manpower services. The key characteristics of CETA are often described as "decentralization" and "decategorization." Prior to the passage of CETA the manpower system was almost exclusively under the control of federal officials. Under CETA, authority has, to some extent, been decentralized as state and local governments have been given block grants of money to be spent on manpower services in accord with locally determined priorities. In addition, CETA has made it possible for states and localities to escape the restrictive categorical programs of the past and to develop programs of a more flexible and more comprehensive nature.

In this paper we examine the experience under CETA in Maine and New Hampshire. We will identify some of the problems which have emerged in the experience to date, evaluate the impact that CETA has had on the unemployed, underemployed, and "economically disadvantaged," and assess the potential and possibilities which exist for making CETA a truly effective system for solving manpower problems.

Keywords

Comprehensive Employment and Training Act, CETA, manpower, employment, Maine, New Hampshire

Disciplines

Labor Relations | Training and Development

Comments

Suggested Citation

Thompson, A. & Hurd, R. W. (1976). Manpower training and public sector job creation under CETA: The experience in Maine and New Hampshire. *New England Journal of Business & Economics*, 2(2), 28-36.

Manpower Training and Public Sector Job Creation Under CETA: The Experience in Maine and New Hampshire

Allen R. Thompson and Richard W. Hurd*

On December 28, 1973 President Nixon signed Public Law 93-203, the Comprehensive Employment and Training Act (CETA). The new law represents a significant shift in the roles played by federal, state, and local officials in the expenditure of federal money for manpower services. The key characteristics of CETA are often described as “decentralization” and “deategorization.” Prior to the passage of CETA the manpower system was almost exclusively under the control of federal officials. Under CETA, authority has, to some extent, been decentralized as state and local governments have been given block grants of money to be spent on manpower services in accord with locally determined priorities. In addition, CETA has made it possible for states and localities to escape the restrictive categorical programs of the past and to develop programs of a more flexible and more comprehensive nature.

In this paper we examine the experience under CETA in Maine and New Hampshire. We will identify some of the problems which have emerged in the experience to date, evaluate the impact that CETA has had on the unemployed, underemployed, and “economically disadvantaged,” and assess the potential and possibilities which exist for making CETA a truly effective system for solving manpower problems.

The Federal Manpower System Prior to CETA

To fully appreciate the changes intended by CETA it is helpful to briefly review the historical development of the federal manpower effort.¹ Even before the 1960's there were a number of federal programs which had an impact on developing manpower resources, including the Smith-Hughes Act (1917) which initiated federal funding of vocational education and the Wagner-Peyser Act (1933) which established the United States Employment Service. It was not until the 1960's, however, that most of the federal manpower programs were developed. During the 1960's, under the authority of the Manpower Development and Training Act of 1962 (MDTA) and the Economic Opportunity Act of 1964 (EOA), a whole series of specific programs were established to provide remedial education, skill training, and work experience to the unemployed, underemployed, and the “economically disadvantaged.” The stated rationale for manpower programs was to provide services to individuals who, it was argued, were unable to find decent jobs in the mainstream economy because of personal shortcomings. As new groups needing these services were “discovered,” Congress reacted by creating special programs to deal with them. The programs were operated under strict federal guidelines specifying the

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¹ An excellent review of the historical development of federal manpower programs prior to CETA can be found in Mangum [4].

individuals eligible for the program and the services which could be provided.

By the end of the decade it became increasingly clear that there were major problems with the manpower system. In the first place, the federally directed programs tended to reflect national needs and priorities, but failed to recognize that manpower problems differ widely in different localities. The manpower effort clearly lacked the input from local areas necessary to make the effort fit with local conditions. In the second place, the ad hoc approach to manpower created overlapping and inflexible programs which resulted in an approach aimed at adapting individuals to program requirements rather than conforming services to the problems of the client population. A more comprehensive and flexible delivery system was needed.

Reacting to the lack of local input into the decision-making process, the Federal Government created the Cooperative Area Manpower Planning System (CAMPS). Under CAMPS, as it later developed, governors and mayors of large cities were given federal grants to develop plans for federal manpower expenditures in their respective areas. Ostensibly, these locally developed plans would be a guide to federal spending. In practice, however, the plans had little impact on the distribution of federal spending. CAMPS did give the elected officials an introduction to manpower problems and the federal manpower programs; it provided some training to local staff; and, more importantly, it served to arouse the interest of the local officials for a reform of the system to give them control over manpower expenditures.²

Prior to CETA, the only program which did give local officials control over funds was the Public Employment Program (PEP) established by the Emergency Employment Act (1971). PEP, whatever its other effects, further stimulated the desires for decentralized decision-making.

The Rationale for Manpower Reform

The wide-spread agreement that the federal manpower system was less than desirable led to a consensus by 1970 for change which would decentralize authority and decategorize programs.³ CETA represented a compromise between the Nixon approach, which was to turn over federal funds with few strings attached, and Congressional insistence on ensuring a basic adherence to nationally determined priorities. CETA is incomplete, however, both in the extent to which control has been decentralized and the extent to which the categorical programs have been eliminated.

Under CETA, elected officials in cities or counties (or combinations of local governments) with a population base of 100,000 or more have been designated as eligible to receive block grants of manpower funds as "prime sponsors." Governors receive grants to cover the manpower needs in areas not covered by local groups, together with a mandate to coordinate a statewide effort. While the elected officials have been given wide latitude to develop and implement plans for manpower service delivery, considerable control remains in the hands of

²See Levitan and Ziekler [3, pp. 66-9].

³See Davidson [1, especially pp. 13-4]. As Davidson notes, this "consensus" was not shared by all. Opposition to the new concept was expressed by those within the Department of Labor and other agencies who believed "ferverently in the wisdom and power of the national government" (and who stood to lose jobs because of decentralization) and by groups like the U.S. Employment and Training Service which were protective of the historical role and skeptical of changes which might affect them personally.

federal officials. Federal approval is required for operational plans; federal regulations determine participant eligibility and restrict the services to be provided; and federal officials monitor and assess the locally directed efforts.

In addition, some specific programs, such as Job Corps, continue as before under federal jurisdiction and a substantial sum of money remains under federal control for discretionary use. To conclude that CETA has removed the Federal Government from manpower would be in error.

Moreover, CETA is an incomplete reorganization and consolidation of the manpower system. Because of political considerations in Congress, the CETA reform touches only those programs funded under the Manpower Development and Training Act and the Economic Opportunity Act. The employment service, the Work Incentive Program, state vocational rehabilitation, and the greatest part of state vocational education remain outside the direct control of local CETA groups.⁴

The rationale of CETA was to create a manpower system which, by decentralizing control, would result in services more closely in tune with local manpower needs and priorities, and which, by decategorizing programs, would result in a more flexible effort, and more closely match services to individual needs. Like any other piece of legislation, however, the passage of CETA was primarily a political decision. While some supported CETA because they hoped the new system would improve services to those with manpower problems, others, such as governors, mayors, and county officials, supported CETA more for the control they would gain than from a sincere desire to improve services. Still others, such as the Nixon Administration and its supporters, favored CETA on philosophical and political grounds.

*The CETA Experience in Maine and New Hampshire*⁵

Operational only since 1974, CETA is still very much a new and emerging program. In order to understand what has happened under CETA we visited the state offices in both Maine and New Hampshire, as well as one local office in New Hampshire. Based on the visits it is possible to identify some basic problems which have become evident in the way CETA is functioning and to discuss the impact these problems have on the effective delivery of manpower services.

Decentralized Responsibility With Limited Authority

As noted above, under CETA state and local officials have been granted federal money to fund manpower programs and have been assigned the basic responsibility for implementing these programs. However, CETA is far from the no-strings revenue sharing concept proposed by the Nixon administration. A commonly expressed opinion of the state level manpower staff is that the degree of control over spending retained by the Federal Government is considerable. In

⁴See Levitan and Ziekler [3, pp. 95-102] for a concise view of the basic provisions of CETA.

⁵The remainder of the paper is based on our interviews with state and local manpower staff. Interviews with James E. Bieber and Edward J. Fitzgerald, Manpower Representatives, New Hampshire Office of Manpower Affairs, October, 1975; Judith Gustafson, Manpower Director, Rockingham-Strafford Manpower Administration, October, 1975; Charles J. O'Leary, Chairman, and Mary Morse, Executive Secretary, Maine State Manpower Services Council, October, 1975.

part, this control reflects the intentions of Congress that the Federal Government ensure that federally conceived needs and priorities are given consideration. Moreover, because the federal authorities in Washington have put pressures on regional offices to reduce staff, regional officials have attempted to demonstrate the continuing need for their services. As a result, state and local officials have been hit with a deluge of regulations and requirements. In many cases the manpower staff spend so much time trying to understand and comply with federal directives, they are left with little time to take advantage of the flexibility incorporated into CETA.

Federal Regulations Limit Innovation

Noting the difficulties they have had in meeting federal requirements and in gaining approval for new kinds of program efforts, state level staff feel strongly that innovation is discouraged, not encouraged, by the Federal Government. One official noted that while the rhetoric is that manpower programs have been decategorized, the fact is that the same old programs remain as before. The natural effect of such restrictions is to encourage state and local planners and implementors to follow the path of least resistance. This, of course, means CETA will not challenge federal officials or old-line manpower institutions to the extent needed to develop new kinds of services and delivery systems capable of meeting the manpower problems which exist. For example, both Maine and New Hampshire rely heavily on dead end work experience slots rather than on more productive training, in part because there are fewer administrative hassles in developing work experience slots.⁶

Lack of Coordination and Communication

One natural result of a decentralized approach is to create a fragmented, scattered, and uneven effect. As CETA has developed, it appears that lack of coordination and communication may be a serious problem. As noted above, CETA reforms left largely untouched such manpower services as vocational rehabilitation, vocational education, and the employment service. CETA sponsors lack the clout necessary to produce a coordinated and comprehensive system of services. The experience under CAMPS made it clear that bringing state agencies into council meetings was insufficient to develop lines of communication and coordination.

Moreover, under CETA, states were left with a weak role in the system having been given responsibility to develop a coordinated statewide effort, but little power to make this concept workable. In Maine, until recently, the governor was the single prime sponsor with the necessary control to deliver services under a statewide plan. In the fall of 1975, however, Bangor and Portland were given separate funding and it appears clear, from the political causes of the split, that they will not be willing to cooperate in a statewide effort. (The local governments in these cities and the newly elected Governor are mutually distrustful.)

In addition, there is a definite lack of communication among most areas. Given the inexperience of many local manpower officials, there is a need to pass along information as to successful and unsuccessful programs and services. At the present time, however, the coordination and communication links do not exist and it does not appear that serious attention is being given to addressing this need.

⁶See Appendix for an explanation of the various titles of CETA and the programs operated under each section.

Response to Political Not Manpower Needs

One of the primary reasons why CETA was passed was the support of state and local elected officials who desired more control and power of spending decisions in their area. By granting monies to local and state officials, CETA has made decision-making more politicized at the local level. Thus far, CETA has generated a number of squabbles, such as in Maine, which are clearly a response to political and not to manpower needs. In fact, it is likely that where elected officials choose to play a strong role in determining or influencing manpower expenditures, CETA decisions will in general be aimed at satisfying the political and power desires of elected officials rather than at solving manpower problems. While the legislation provides for manpower councils to advise local officials, the councils have in many cases had little effect.

Current Economic Conditions

A major difficulty faced by those who strive to use CETA to improve the plight of the unemployed is the current depressed economy conditions. The experience under the old programs led to a clear need to tie training to useful work experience for the economically disadvantaged. Rather than skill training, the current economic situation calls for emphasis on increasing the number of jobs both through aggregate demand policies and through specific job creation efforts.⁷ Because of the recession, manpower sponsors face severe obstacles in trying to tackle manpower needs. While Titles II and VI of CETA are job creation programs, relatively few new positions have been created, and the emphasis has been placed on moving individuals from subsidized to unsubsidized jobs in either the public or private sector. Transition is difficult when local and state governments face severe fiscal crises and they thus lack the resources to develop new unsubsidized positions, and when private sector jobs simply do not exist in sufficient numbers for the skilled mainstream labor force, much less for the low skilled economically disadvantaged. The current situation emphasizes the need for a strong commitment to full employment at the national level if manpower programs are to be successful, and if manpower problems are to be solved.

Evaluation of CETA to Date

We believe that the overall goals of government manpower programs should be (1) to develop a coordinated system delivering CETA and related manpower services, (2) to improve the economic position of individuals by adapting services to individual needs, and (3) to provide a truly comprehensive effort embracing the total needs of the unemployed, underemployed, and the economically disadvantaged. Comparing the experiences under CETA in Maine and New Hampshire with these overall goals, the following observations about CETA seem appropriate.

⁷Manpower policy has consistently been based on the assumption that manpower problems reflect the shortcomings of individuals and consequently focused almost exclusively on the supply side of the labor market. Clearly in a recession, but also in good times, there is a need to recognize that solutions to manpower problems requires attention to demand. In a recession, the need is for more jobs in the aggregate; in good times, the need for better jobs and more open access to good jobs for the economically disadvantaged. CETA has done little to change the tendency to ignore the need for job development. See Hurd [2].

Limited Change to Date

Few changes in the effectiveness of manpower services on the manpower problems are evident. The *1975 Manpower Report of the President* [5, p. 80] concludes that CETA "has not precipitated any drastic change in the 'mix' of program activities from that existing under previous legislation." State officials in Maine and New Hampshire point to the lack of experience with program implementation and planning, the existence of extensive federal regulations, and the limitations imposed by the current economic conditions as important reasons for the lack of change. Moreover, at the state level officials are not extremely optimistic that considerable improvement can be made in a short time.

Confusion and Uncertainty

Related to the lack of change and a reason for pessimism is the apparent confusion and uncertainty about how to make manpower services effective. In part this reflects a continuing problem with planning — the lack of needed current and projected data about manpower needs for both the supply and demand side of the market. There appears to be a need for upgrading and training of planning and implementation staff to recognize problems and develop meaningful services for clients. Some of the uncertainty relates to another continuing problem — the lack of ability to make long-range plans because of the short-range nature of the funding. Officials are often not told until late in the planning cycle what the level of funding for their area will be. As a result of these problems, decisions are often made for political rather than economic reasons.

Adaptations Being Made

Despite the above problems, it does appear some adaptations are being made. For example, to improve assessment of local efforts, the State of Maine has resorted to outside consultants to conduct impartial evaluations of current efforts. The aim is to improve data used in the planning and implementation process as well as to remove some of the politics from funding decisions. Other adaptations are also being made in the relationships between CETA and other manpower delivery systems.

Uneven Impact

Partly because CETA is a fragmented system and partly because of the nature of service delivery, the impact of CETA has varied considerably from area to area. In some cases considerable innovation and improvement of services is evident; in others, we see little change. It appears that the implementation of CETA will typically follow the path of least resistance — that is, where barriers to change are greatest, little will be accomplished.

Possibilities and Strategies for Effective Implementation

Because the impact of CETA is at the implementation level, it is here that changes must be sought. Our case study of CETA in action (the Rockingham-Strafford Manpower Consortium (RSMC) in New Hampshire) indicates the kinds of changes which are possible as well as the requirements for an effective program. In examining the plans and operation of this atypical local CETA sponsor, the conclusion can be reached that CETA has potential for

transforming manpower services from a fragmented, ad hoc, and ineffective approach to a coordinated, comprehensive, and effective program.

At the implementation level, RSMC has shown the ability to coordinate and consolidate service delivery so as to provide meaningful work experience and training designed to meet individual needs and to provide long lasting solutions to individual problems. Unlike other programs, the entire range of CETA activities, including public service employment, work experience, skill training and supportive services have been brought together into a unified and flexible program. RMSC has also been somewhat successful in gaining the support of outside agencies. For example, in return for the assistance of the employment service in the placement process, RMSC has given the employment service several subsidized job slots; in return for free day care services, day care centers have been provided "free" labor.

Undaunted by federal regulations because of an understanding of how to deal with bureaucratic systems, RMSC has been a leader, not a follower, in the manpower field.

During the training process, clients are continually moved from one component to another in an effort to provide a range of experiences which continually upgrade the clients' skills and work habits until placement can be made in a public or private job. While subsidized job slots are relatively permanent, clients are moved frequently from one job to another.

In addition, not content with the typical practice of using work experience as a supplement to or a substitute for income maintenance, RMSC has insisted before funding work experience slots that agencies demonstrate that the job will be meaningful, contain useful training, provide close supervision to trainees, and pay more than the minimum wage. Because public agencies, where the slots are concentrated, are provided with essentially "free" labor, they have been willing, under pressure from RMSC, to meet these requirements.

However, RMSC still has some shortcomings. One limitation is that services are provided, in large part, only to groups which have been identified as priority targets (in this year, for example, the RMSC council made unemployed female heads of families the number one priority). A major reason for this restriction is that available funds are limited and sufficient job opportunities for all the unemployed do not exist. RMSC could use more public employment funds to create jobs for the unemployed, provided transitional goals were relaxed, but additional funds for training could not be effectively used until the economic conditions improve.

While our evaluation of CETA in general indicates serious obstacles to change, the Rockingham-Strafford Manpower Consortium provides a model for an effective program and demonstrates clearly that many of these obstacles can be overcome.⁸

Conclusion

In conclusion, we find that CETA to date has not had a major effect in overcoming the manpower problems of individuals. We are not very optimistic

⁸Recent political squabbles between the commissioners of Rockingham and Strafford counties and the manpower director of RSMC have led to charges that the commissioners have "obstructed and interfered with" the program management. This problem, in a program with high efficiency ratings from the Federal Government, is a further indication that decision-making under CETA will be influenced more by political considerations than by manpower needs.

that this system, or any other, can do the extensive job that needs to be done. Local efforts are incomplete, local program implementors are typically deficient in needed skills, and, in many cases, local officials lack the commitment to change. Moreover, whatever the efforts of local groups, an effective solution to the problems of the unemployed must begin with job creation. It does little good to train workers for jobs which do not exist. The commitment of the current administration to full employment seems weak and resistance to a guaranteed job program is strong.

The requirements for making CETA work more effectively can be summarized briefly. The key to effectiveness is at the implementation level and depends on the efforts of the local agencies. If these agencies (1) have a commitment to making the program work; (2) understand how to deal with the bureaucratic system; (3) possess the management skills to organize and operate the complex of programs; and (4) have the initiative and inventiveness to insist on change and work to effect change, the programs can be successful in meeting the needs of the individuals served. Unfortunately, this set of conditions is unlikely to be met in most local agencies. However, the shift of control over manpower services away from the Federal Government opens the possibility of applying political pressure on local officials. Organizations of the unemployed, the poor, and others sympathetic to their problems, can pressure local officials to respond to their needs with a more effective manpower effort. Although it is unlikely that such organizations will appear spontaneously, persons and organizations interested in improving manpower services have a ready target in their own area. Because of CETA, the buck can no longer be passed to Washington. However, because such organizations do not exist in most areas, and because most agencies are not sympathetic and responsive, the overall impact of CETA will likely be marginal and vary considerably from area to area. Finally, no matter how agencies at the local level operate they are severely constrained, as today, unless the aggregate demand is kept at high levels.

Appendix

Manpower Services Authorized Under CETA

This appendix briefly describes the services provided under CETA (Titles I - III and VI) by state and local agencies.

Title I - Comprehensive Manpower Service

Each state and local agency designated as a CETA prime sponsor receives a grant under Title I for the following kinds of manpower services:

1) Administrative Services - Services in this category include outreach to locate eligible individuals with manpower problems, assessment of individual needs, orientation, counseling, and referral to jobs and/or manpower training programs.

2) Supportive Services - Services in this category include training allowances, transportation assistance, child care, medical and dental care, to enable individuals to seek employment and/or to participate in manpower training programs.

3) Institutional Training - This category includes classroom training in specific occupational areas in either public or private vocational training institutions. (See also 7 below.)

4) On-the-Job Training - This category allows payments to private employers

to subsidize the extra costs of training eligible individuals in an actual job environment.

5) Work Experience – This category includes training of a short-term nature, usually in public sector jobs designed primarily to orient or reorient an individual to the world of work while providing some useful employment experience and training.

6) Public Sector Jobs – Also authorized are limited expenditures under Title I for public service employment programs such as those discussed under Titles II and VI below.

7) In addition to the regular Title I programs, states are eligible for special grants for vocational education and for state-wide efforts of coordinating the services of various state agencies.

Title II: Public Employment Programs

State and local CETA agencies are provided grants under Title II for public employment programs. Public sector jobs are subsidized in order to create job opportunities for the unemployed and underemployed. The emphasis under Title II is on transitional opportunities, i.e., on moving individuals, wherever feasible, to unsubsidized public or private jobs.

Title III: Special Target Groups

State and local CETA agencies may apply for additional grants under Title III to establish programs for special target groups, such as seasonal and migrant farm workers, Indians, youth, older workers, and ex-offenders, in particular need of manpower services and with particular disadvantages. Services provided under Title III are essentially those listed under Title I.

Title VI: Emergency Jobs Programs

Added to CETA by the Emergency Jobs and Unemployment Assistance Act of 1974, Title VI provides for additional monies to areas with "substantial unemployment." Title VI is essentially a supplement to the programs of public sector job creation of Title II.

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