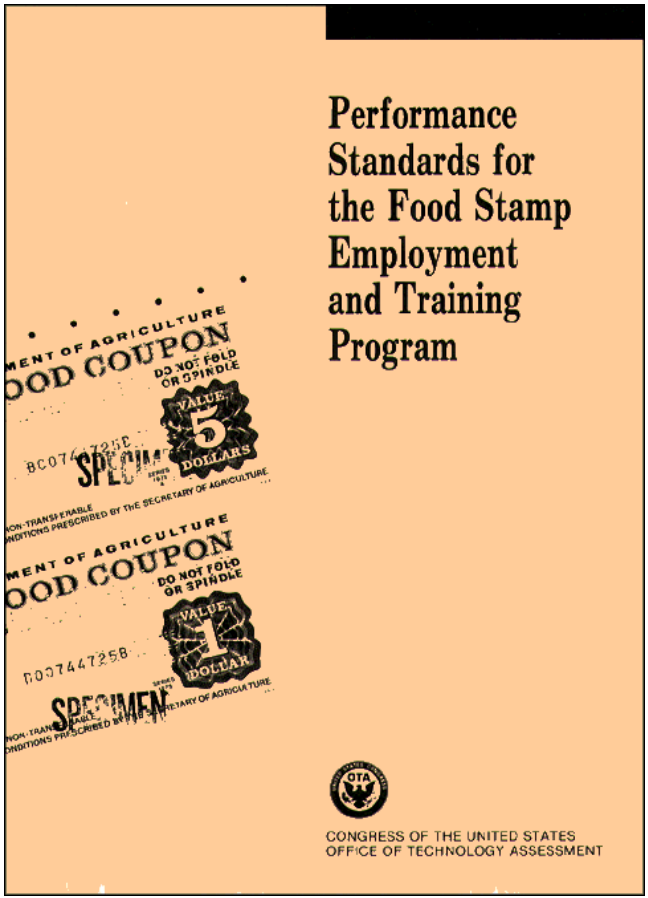
Performance Standards for the Food Stamp Employment and Training Program

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Foreword

The Food Stamp Employment and Training Program (FSET) was designed to reduce food stamp outlays by increasing the employment and earnings of able-bodied food stamp recipients. The States operate FSET with funding and guidance from the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture.

To hold the States accountable for their implementation of FSET, Congress directed FNS to develop performance standards in the Hunger Prevention Act of 1988 (P.L. 100-435). The law directs FNS to develop standards based on outcomes, such as job placements, and to offer the States financial rewards and sanctions, based on their attainment of these standards.

As required by the Hunger Prevention Act, FNS proposed its performance standards for FSET on August 30, 1991. This report, *Performance Standards for the Food Stamp Employment and Training Program,* was also mandated in the Hunger Prevention Act. As required by the act, this report describes OTA's model performance standards and compares OTA's model standards to those proposed by FNS.

However, measuring the effectiveness of FSET, or any employment and training program, requires that a distinction be made between outcomes and impacts. Although employment is the desired *outcome* of such programs, many welfare recipients find employment on their own. Studies using an experimental design show that some employment and training programs have had a significant, positive *impact*, helping more welfare recipients find jobs than would have without assistance. However, a study by Abt Associates found that FSET had no impact on the earnings of food stamp recipients.

Because performance standards are based on outcomes, they do not show whether a program has in fact increased employment and earnings beyond that which would have occurred without it. Thus, no performance standards, neither those proposed by FNS nor OTA's model standards, can measure whether State FSET programs are having an impact. This report, then, goes beyond the original mandate and analyzes successful employment and training programs. Based on this analysis, the report identifies several alternative approaches to increasing the impact of FSET.



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NOTE: OTA appreciates and is grateful for the valuable assistance and thoughtful critiques provided by the reviewers. The reviewers do not, however, necessarily approve, disapprove, or endorse this report. OTA assumes full responsibility for the report and the accuracy of its contents.

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Section 1

Introduction and Summary

INTRODUCTION

This report on proposed performance standards for the Food Stamp Employment and Training Program (FSET) responds to a mandate in the Hunger Prevention Act of 1988 (Public Law 100-435). That law directs the Secretary of Agriculture to develop new, outcome-based performance standards for assessing State implementation of FSET, in consultation with the States, the Office of Technology Assessment (OTA) and other Federal agencies. The law also directs OTA to report to Congress within 180 days of publication of the proposed performance standards,[1] outlining model performance standards for FSET and comparing those models with the standards proposed by the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA).

FNS published the proposed performance standards on August 30, 1991. Subsequently in the Food, Agriculture, Conservation and Trade Act of 1991 (Public Law 102-237, signed December 13, 1991), Congress allowed FNS to delay implementation of final performance standards until 1 year after the U.S. Department of Health and Human Services (DHHS) publishes final performance standards for its Job Opportunities and Basic Skills (JOBS) program.[2] Since DHHS is unlikely to publish final performance standards until 1994 or 1995,[3] FNS and Congress will have ample time to consider OTA's suggestions and policy options.

In preparing this report, OTA drew on a base of knowledge developed over the past eight years, starting with its study of retraining and reemploying displaced workers, published in 1986.[4] More recently, OTA published a major assessment of worker training and its impacts on U.S. competitiveness. Analysis of employment and training was also critical to OTA assessments of international competition in manufacturing and in services. Finally, OTA staff involved in education studies provided valuable background information. As part of the study, OTA participated in a series of meetings of an advisory panel convened by USDA to assist in developing the FSET performance standards. The OTA-USDA relationship has been cordial and cooperative.

This report has five sections:

1. This Introduction and Summary;
2. History and Context of FSET;
3. Issues in Setting FSET Performance Standards;
4. Comparison Between FNS' Proposed Standards and OTA's Model Standards; and
5. Policy Options.

SUMMARY

FSET occupies a niche between two much larger Federal employment and training programs-the Job Training Partnership Act (JTPA) and the Job Opportunities and Basic Skills Program (JOBS). The goal of FSET is to reduce food stamp outlays by increasing the employment and earnings of able-bodied food stamp recipients.

A comprehensive evaluation of first-year implementation of FSET conducted by Abt Associates, Inc. found that the program was not meeting this goal. OTA concurs with Abt's conclusion that drastic change is needed if this goal is to be met. However, OTA finds that performance standards, by themselves, are inadequate to accomplish such a change. FNS has proposed two alternative models to implement the performance standards.[5] Model A is

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[1] 56 *Federal* Register 43152 (Aug. 30, 1991)

[2] JOBS is an employment and training program for welfare recipients, discussed further in section 2 Of this report.

[3] The Family Support Act of 1988 (Public Law 100-485) directs DHHS to develop performance standards for JOBS and submit its recommendations to Congress by October 30, 1993.

[4] U.S. Congress, Office of Technology Assessment, *Worker Training: Competing in the New International Economy*, OTA-ITE-457 (Washington, DC: U.S. Government Printing Office, September 1990); *Making Things Better.' Competing in Manufacturing*, OTA-ITE-443 (Washington, DC: U.S. Government Printing Office, February 1990); *International Competition in Services: Banking, Building, Software, Know-How..., OTA-ITE-328* (Springfield, VA: NTIS, July 1987); *Technology and Structural Unemployment: Reemploying Displaced Adults*, OTA-ITE-250 (Washington, DC: U.S. Government Printing Office, February 1986)

[5] 56 *Federal Register* (Aug. 30, 1991), p. 43152.

similar to the approach used in JTPA and JOBS. It requires the States to gather data on participant outcomes, such as the percent of participants that find jobs.[6] Model B requires States to gather information on outcomes for both FSET participants and control groups of nonparticipants. Outcomes for the two groups would be compared to determine whether there was a statistically significant difference. Both models would allow FNS to distinguish between the States and award incentive funds to those States whose programs were most successful in meeting national standards established by FNS.

OTA found that, although model B would provide a much more accurate measure of the true effectiveness of each State's FSET program, it would be impractical to implement. OTA's rationale is discussed further in section 3 below. OTA found that the performance standards proposed in model A would encourage the States to make improvements, but would not, by themselves, create the degree of change needed to make FSET effective in meeting its stated goals.

OTA agrees with two of the four performance measures proposed by FNS--job placements and educational improvements. OTA also supports FNS' proposal that educational improvements remain an optional component of State FSET programs, since there is no firm evidence that remedial education, by itself, reduces welfare dependency and increases earnings. However, OTA would define job placements and educational improvements somewhat differently than FNS and would use a different weighting scheme to encourage placements in lasting jobs and service to those who are harder to employ.

To comply with the Hunger Prevention Act's direction that the performance standards "take into account" both wages and job retention, OTA suggests using average quarterly earnings among those employed, rather than average hourly wages among those employed, as a third performance measure. OTA disagrees with FNS' fourth measure--food stamp case closures-because this measure could force those who are hard to employ off food stamps and out of FSET. Finally, both OTA and FNS conclude that establishing performance standards should bean ongoing process, and that the standards should be revised based on State experience.

FNS proposes the following initial performance standards for fiscal years 1992-94:

1. a participation rate of 10 percent;
2. a job placement rate of 25 percent;
3. an average wage of $4.45 per hour;
4. a food stamp case closure rate of 20 percent; and
5. educational improvements among 25 percent of FSET participants who enroll in educational programs.

OTA generally supports the participation standard, the job placement rate standard and the educational improvement standard. However, OTA would not use food stamp case closures as a performance measure, and suggests a quarterly earnings standard that corresponds to a slightly higher average wage rate of $5 per hour. OTA's rationale for its support of FNS and for its areas of disagreement is discussed in section 4.

OTA concurs with FNS' proposal that an adjustment model be used to vary the initial national standards to avoid penalizing the States for factors beyond their control, such as a very high unemployment rate or low average wages. OTA finds the model proposed by FNS reasonable.

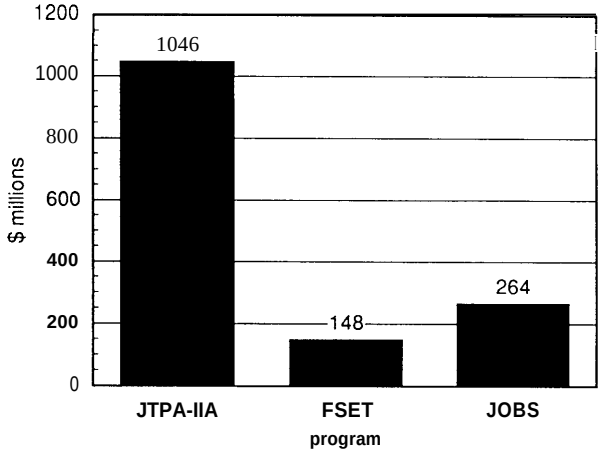
OTA's analysis of FSET suggests several policies that Congress may wish to consider. First, as noted above, FNS' proposed model B performance standards appear impractical to implement, but the more feasible model A standards are unlikely to measure the true impact of each State's FSET program. Because of this limitation, Congress may want to reconsider its policy of linking State attainment of the performance standards to financial rewards and sanctions. More significant, however, is OTA's conclusion that no outcome-based performance standards, including OTA's own model standards, will, by themselves, bring about the degree of change needed to enable the program to meet its goals. Such change might be helped by two other policy options which would restructure FSET—making the program voluntary and/or merging it with JTPA.

[6] This model also allows FNS to adjust the standards to account for factors beyond the State's control. For example, a State with a high unemployment rate might be held to a lower job placement standard.

OTA found that mandating participation in FSET has contributed to the program's lack of impact. Congress may wish to consider making FSET voluntary. If this option is chosen, performance standards will need strong positive incentives to encourage the States to recruit less-employable volunteers as well as those who are job-ready.

Another policy option that could reduce administrative overhead and increase direct provision of employment and training services would be to merge FSET with JTPA. Many States and localities are already using JTPA as their primary service provider, either through formal contracts with their JTPA agency or through informal referrals.

Figure 1—A Small, Niche Program



Total FY **1990** Federal **expenditures for three employment and training programs.**

SOURCES: **U.S. General Accounting Office, *Training Programs: Information on Fiscal Years 1989 and 1990 Appropriations,* pp. 7,9, 11, and Congressional Budget Office, OTA, 1991.**

FSET has evolved out of a 20-year effort to reduce food stamp dependency by encouraging food stamp recipients to work. Congress amended the Food Stamp Act in 1970 (Public Law 91-671) to require all able-bodied adult recipients to register for work with their local Employment Service office, and to accept employment if offered. During the 1970s and early 1980s, USDA helped some States and localities operate demonstration programs involving work experience and job search training for those food stamp recipients who were required to register for work (''work registrants' '). In the Food Security Act of 1985 (Public Law 99-198) Congress required all States to create employment and training programs for work registrants, and provided funding for the new Food Stamp Employment and Training programs. These funds include both a basic grant and additional Federal matching funds (on a dollar-for-dollar basis) for States that invest their own money in supportive services such as transportation and child care for FSET participants.

Today, FSET occupies a niche between two, much larger, federally funded employment and training programs (see figure 1). The Job Opportunities and Basic Skills training program, or JOBS,[7] is targeted to mothers and unemployed fathers receiving Aid to Families with Dependent Children (AFDC), while Title IIA of the Job Training Partnership Act of 1982, or JTPA,[8] is available on a voluntary basis to a broad range of economically disadvantaged adults and youth. Total fiscal year (FY) 1990 Federal outlays for FSET (including both basic grants to the States and Federal outlays to match State funds) were $148 rnillion,[9] compared to $1.04 billion for JTPA Title II-A[10] and $264 million for JOBS.[11] Both JOBS and FSET emerged from welfare reform, requiring welfare recipients to either work (in unpaid ''workfare" public service jobs) or look for work as a condition of receiving benefits. Although the concept that welfare recipients owe a reciprocal obligation in exchange for their benefits has not changed, most State and local JOBS and FSET programs now require participation in employment and training programs, rather than in workfare.

Because FSET and JOBS are ''mandatory' programs, the States are required to enroll a large fraction of those eligible and to sanction those who do not enroll by reducing their welfare benefits. To meet the required participation rate, the States spread a total Federal budget of $148 million across 1.35 million FSET participants in FY 1990, leading to an average of only $110 per participant.[12] Federal expenditures for JOBS averaged $692 per person

[7]**Family Support** Act of **1988 (FSA), Public Law 100485.**

[8]**Public** Law 97-300.

[9]**U.S. Office** of Management and **Budget,** "Budget of the United States **Government, FY** 1992," Washington DC, February 1991, Appendix.

[10]**Ibid.**

[11]**U.S. Treasury** estimate, **reported** by Janice **Peskin, Congressional** Budget Office, personal Communication% **Sept. 19, 1991.**

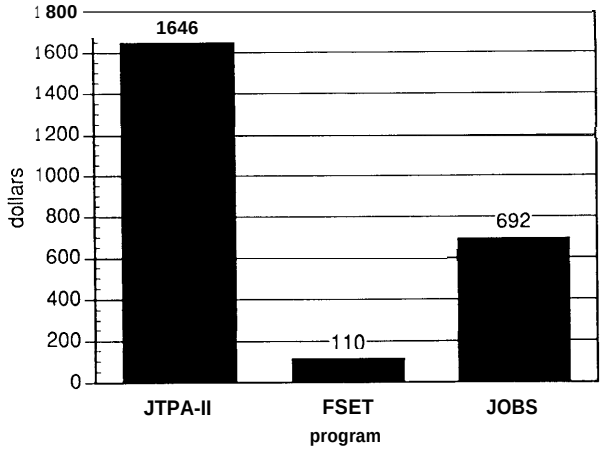
[12]**FNS data cited by Julie Isaacs, Congressional Budget Office, personal communication, Sept. 23, 1991. When State matching funds are** included, total spending for **FY** 1990 was $221 **million,** or $164 per participant.

that year.[13] JTPA **Title II-A,** which is voluntary, enrolled 632,000 persons[14] with a budget of $1.04 billion, resulting in an average expenditure of $1,646 per participant (see figure 2).

There is little overlap between the populations served by JOBS and FSET—most mothers of young children are not required to, and in fact, do not, participate in FSET Among FSET participants in FY 1988, 74 percent lived in one- or two-person households without children.[15] However, there is a greater overlap between the FSET and JTPA populations. Food stamp recipients are automatically considered 'economically disadvantaged' and hence eligible for free employment and training services under JTPA.[16]

JTPA's existence does not obviate the need for employment and training services for food stamp recipients. Although JTPA has much more funding than FSET, it serves only a small fraction of those eligible for its services—2.3 percent in 1986.[17] During the first half of program year 1990, 38 percent of the 632,000 JTPA Title IIA participants received food stamps. Of these, about half were able-bodied work registrants targeted by FSET.[18] Assuming these trends held through the year, JTPA served about 120,000 food stamp work registrants. Creation of FSET with a congressional mandate to serve up to 50 percent of those eligible has provided employment and training services to many additional food stamp recipients—about 1.35 million in FY 1990.[19] However, as discussed below, FSET has had little impact on the much larger group it serves.[20]

Figure 2—Per Capita Expenditures



Average Federal expenditure per participant for three employment and training programs, FY 1990.
SOURCE: OTA, 1992.

[13] FY 1990 was a transition year for JOBS. The States were not required to begin operating JOBS programs until FY 1991. when fully operational, JOBS is projected to require an average of $1,500 to $1,700 per participant—U.S. Congressional Budget Office, "Work and Welfare: The Family Support Aet of 1988,'' Washington DC, CBO Staff Working Paper, January 1989, p. 14.

[14] Estimated program year 1990 enrollment, based on enrollments in the first half of the year—U.S. Department of Labor, Employment and Training Administration% Office of Strategic Planning and Policy Development, "Job Training Quarterly Survey: JTPA Title IIA and III Enrollments and Teruminations During the First Half of Program Year 1990 (July-December 1990)," Washington, DC, July 1991, p. 5.

[15] Michael J. Puma, et al., *Evaluation of* th, *Food Stamp* Employment *and* Training Program Final Report: *Volume I* (Bethesda, MD: Abt Associates, Inc., June 1990), pp. 3-33-3-34.

[16] Section 4(8) of JTPA Title IIa defines ''economically disadvantaged'' eligible individuals to include individuals in families receiving food stamps.

[17] This is the most recent&~ which estimate participation as a fraction of those legally eligible for JTPA. It is from Steven H. Sandell and Kalman Rupp, ***Who Is Served in JTPA Programs: Patterns of Participation and Intergroup Equity*** (Washington, DC: National Commission for Employment Policy, 1988), p. 50.

[18] U.S. Department of Labor, Division of Performance Management and Evaluation, Office of Strategic Planning and Policy Development ''JTPA Title IIA and III Enrollments and Te ruminations During the First Half of Program Year 1990 (July-December 1990),' unpublished document, February 1991, p. 29.

[19] This total includes 1.2 million work registrants and 150,000 volunteers.

[20] FNS' proposed new participation standard of 10 percent could reduce total national enrollments to as low as 240,000 (one-fifth the number served under the current 50 percent participation standard).

Section 3

Issues in Setting Performance Standards

Congress clearly desired the States to be held accountable for their success (or failure) in operating FSET. In the Food Security Act of 1985, Congress not only authorized State grants beginning at $40 million in FY 1986 and growing to $75 million by FY 1989, but also directed USDA to establish State performance standards designating minimum percentages of mandatory participants to be enrolled in FSET and allowing USDA to withhold funds from any State that failed to enroll its required minimum.[21] That law specifies that the minimum percentage required of the States be no greater than 50 percent. In addition, the act required USDA to monitor the effectiveness of State implementation of FSET in terms of increased employment and job retention of participants and to report back to Congress on the program's effectiveness.[22]

To implement the first part of this law, USDA required the States to either enroll or initiate sanctions against 35 percent of 'non-exempt' work registrants in FY 1989 and 50 percent in FY 1990 and FY 1991.

As shown in figure 3, even before USDA set these minimum percentages, in FY 1988, the States either enrolled or sanctioned 50 percent of 'non-exempt' or ''mandatory' work registrants. However, the total number enrolled or sanctioned-1.2 million—equals only about 4 percent of the 28 million persons who used food stamps that year. This is because the law exempts the vast majority of food stamp recipients from the work registration requirement, either because they are caring for young children, are under 17 or over 59, or already have work.[23]

Only 13 percent (3.7 million) of all food stamp recipients were classed as ''work registrants' in FY 1988, and USDA allowed the States to categorically exempt about one-third (1.2 million) of these from FSET participation. Categorical exemptions were allowed on the basis of geography (living in a remote area lacking an FSET program) and for other reasons, such as being in a household with three or more children. The remaining 68 percent of work registrants (2.5 million persons) were considered ''mandatory' participants, and the states enrolled or sanctioned nearly half of these.

Since establishing a minimum participation rate, FNS has encouraged the states to limit the total number of both categorical and personal exemptions to no more than 30 percent of all work registrants in each State.[24] The remaining 70 percent form the base of ''non-exempt mandatories." The States were required to enroll 50 percent of this group in FY 1990.

To implement these participation-based performance standards FNS allocated $15 million, or 20 percent of the total $75 million in basic State grants for fiscal years 1990 and 1991 on the basis of each State's attainment of the standards in previous fiscal years.

The Hunger Prevention Act of 1988 called for new, outcome-based performance standards, and directed USDA to develop a proposal for modifyng State grant levels depending on how effective the States are at meeting these standards. Most recently, in the Food, Agriculture, Conservation and Trade Act of 1990 (Public Law 101-624), Congress directed USDA to reserve $15 million of the $75 million total authorized for State grants. During fiscal years 1992 through 1995, this $15 million is to be allocated among the States based on their performance, as measured by the new performance standards called for in the Hunger Prevention Act. The remaining *$60 million is* to be allocated on the basis of the number of work registrants in each State.[25]

Although the question of how effective the States are relative to each other is an important one, it may

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21 Actual funding for the basic State grants was *$50* million in FY 1987,$60 million in FY 1988, and $75 million in FY 1989 and 1990. In addition to the basic grants, USDA matches State expenditures for transportation and child care, bringing total Federal expenditures for FY 1990 to $148 million.

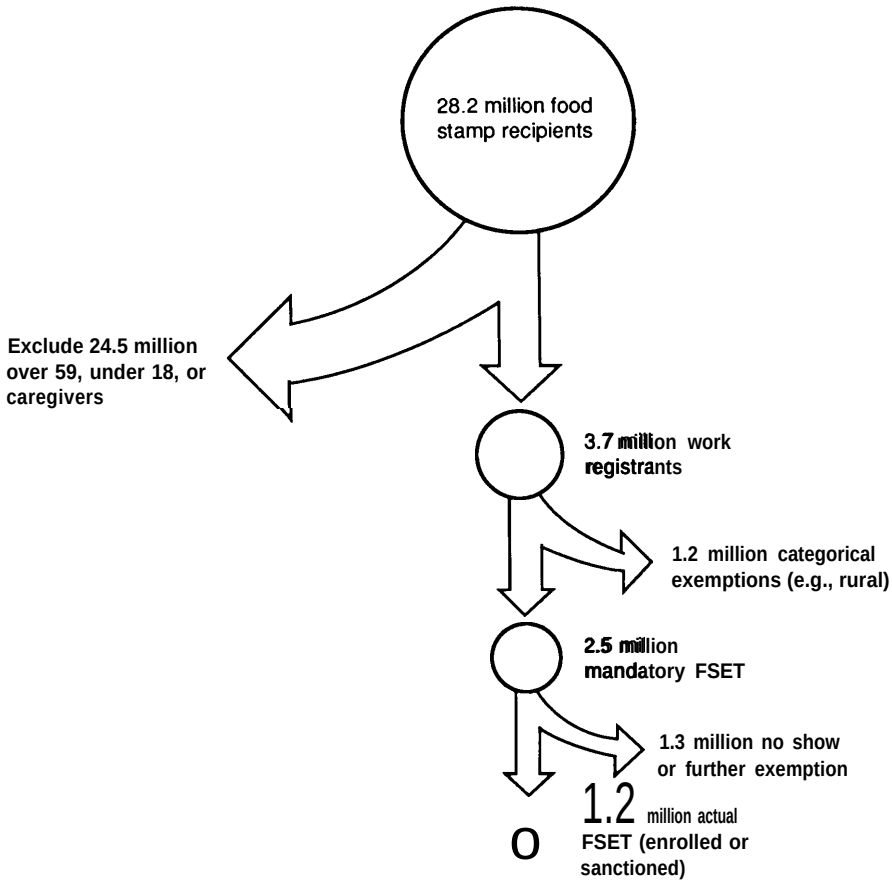
22 The Food Security Act of 1985 (Public Law 99-198), Title XV, Subtitle A, sec. 1517.

23 Puma, et al., op cit, footnote 15, p. 3-21.

24 Rural States are allowed to exempt a much higher percent of work registrants, but most states me held to a maximum of 30 to 35 percent. SOURCE: Ellen Heningen, Supervisor, and Nancy Theodore, Work Program Section, FNS, personal communication Dec. 5, 1991.

25 Sec. 1753.

Figure 3-Food Stamp Recipients and FSET



About 1 in 25 food stamp recipients participate in food stamp education and training (FSET). Most food stamp recipients are exempted from FSET because of age, their responsibilities as caregivers, or other circumstances such as living in a rural area with limited access to an FSET program. (It should be noted that since "sanctioning" counts as participation, substantive participation is less.)

SOURCE: OTA, using data for FY 19SS provided by FNS.

not be as important as the question of how effective FSET is as a national program. To answer that question, USDA contracted with Abt Associates to conduct a 4-year, $3.5 -million study of FSET implementation in FY 1988, its first full year of operation. The study found that FSET had "no discernible effect on participants' aggregate earnings, probability of finding work, amount of time worked, or average wages. "[26]

The authors of the Abt evaluation attributed the low impact partly to low participation levels. They found that about half of the "mandatory" FSET participants were never actively involved in the program, either because they failed to appear for their initial assessment interview (34 percent of those assigned to FSET), or because they met with their caseworker and were determined exempt (15 percent of those assigned), or because they never appeared for services after completing the assessment interview (3.5 percent of those assigned to the program). [27] The Abt researchers also speculated that, among those who did participate, employment

[26] Puma, et al., op. cit., footnote 15, p. xi.

[27] Ibid., pp. 6-8.

and training services were unnecessary for one group and were spread too thinly across a second: the first, which was more job-ready, would have found jobs even without FSET; the second group, which had more serious barriers to employment, needed more intensive assistance to find jobs.

OTA concurs with Abt's conclusion that drastic change is needed if FSET is to meet its goals. These include finding jobs for food stamp recipients, reducing the food stamp rolls, and 'helping individuals to achieve self-sufficiency ."[28] Reaching these goals, and measuring progress toward them, may be difficult. The Abt study is conclusive because it used an experimental design which allowed careful measurement of the true impact of FSET. FNS has asked for public comment on requiring the States to use either an experimental design (model B) or a nonexperimental design (model A) as the basis for performance standards.

There are many ways to study employment and training programs. For example, implementation studies are useful to find out whether or not a program is operating as planned. However, to evaluate the *effectiveness* of employment and training programs, a distinction must be made between outcomes and impacts. Although job placements are the desired outcome of such programs, they may not represent a real impact. Many welfare recipients find jobs, whether or not they enroll in employment programs such as FSET. External factors (e.g., the status of the local economy) and internal factors (e.g., self-esteem) may affect an individual's ability to find a job as much or more than participation in an employment and training program. In a recent study of performance standards for secondary school vocational education, OTA concluded that these confounding factors made ''labor market indicators alone an insufficient basis for performance standards. ' '[29]

The best way to isolate the effect of employment and training programs from these other factors is to randomly assign like groups of individuals to the program and to a control group that does not participate and then compare the employment experience of the two groups.[30] The results can be surprising. For example, over 50 percent of those participating in FSET in FY 1988 had experienced some employment 1 year after entering the program, but so did a control group who did not enter FSET.[31]

FNS recognizes that an experimental design would be the ideal way to assess the true impact of each State's FSET program. The model B alternative would require the States to randomly assign mandatory FSET participants to treatment and control groups.[32] The impact of FSET would be assessed through followup interviews with participants and controls, conducted at 6 months after random assignment.

However, FSET is a small program with a limited budget. Using random assignment is time-consuming and expensive, primarily because program operators must be educated about the process to feel comfortable with turning away individuals who want to participate in order to form a control group. And some program operators are opposed to refusing services in order to create control groups.

When Abt Associates evaluated FSET, they encountered this problem.[33] Abt recruited State and local food stamp agency (FSA) directors to participate in the study through national and regional meetings. Both at these initial recruiting meetings and subsequently, some FSAs refused to participate, often because of their concerns about denying

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[28]The Hunger Prevention Act of 1988 (Public Law 100-435), Title IV, sec. 404, subsec. L (ii), I.

[29]U.S. Congress, Office of Technology Assessment, *Performance Standards for Secondary School Vocational Education-1. ckground Paper* (Washington, DC: OTA, 1989), p. 5.

[30]During the late 1970s and early 1980s, the Comprehensive Employment and Training Act (CETA) was evaluated by creating an artificial ''control group." Social Security earnings records were merged with demographic and labor market data drawn from the sample of households surveyed each month through the Current Population Survey to create a control group whose characteristics matched those of CBTA participants. Although this approach is simpler than random assignment, the results are less reliable, because of the difficulty of matching the characteristics of participants and controls and assuring that controls do not receive program services. Most researchers now agree that random assignment is the best way to measure the impact of employment and training programs. Sources: Burt S. Barnow, "The Impact of CETA Programs on Earnings: A Review of the Literature," *The Journal of Human Resources,* vol. XXII (2), p. 189; Gary Burtless and Larry Orr, "Are Classical Experiments Needed for Manpower Policy?" *The Journal of Human Resources, vol.* 21, No. 4, fall 1986, pp. 606-639; Robert LaLonde and Rebecca Maynard, "How Precise Are Evaluations of Employment and Training Programs,' *Evaluation Review,* vol. 11, No. 4, August 1987, pp. 428-451.

[31]Puma, et al., op. cit., footnote 15, p. xi.

[32]56 Federal Register 43164 (Aug. 30, 1991).

[33]Puma, et al., op. cit., footnote 15, pp. 4-9-4-15.

services to individuals assigned to the control group. Those FSAs that agreed to participate required extensive technical assistance: Abt staff conducted two rounds of site visits to each, wrote technical assistance manuals, hired on-site data collectors, and conducted staff training in order to assure that the random assignment and initial data collection on controls and participants went smoothly. Four years and $3.5 million were required to complete the study.

Similar problems could be expected if the States were required to use model B as the basis for their performance standards. The extra staff time and expense would be a burden on Federal and State FSET administrators, who already lack the funding needed to provide effective employment and training services.

FNS estimates the total paperwork burden on the States at 272,567 hours for model B, as opposed to only 187,859 hours under model A. However, this estimate specifically excludes the time needed for computer programming and operation and "the development and execution of the sampling and random assignment methodologies. ' '[34] FNS anticipates that each State would have to assign a full-time person to oversee the random assignment process, and that, "ideally' each locality would also assign one person to coordinate random assignment decisions and oversee data collection.[35] Assumin g that only the State-level staffing was required, this would add approximately 115,000 hours to the paperwork burden in model B, for a total of 387,567 hours.[36]

In addition to its high costs, use of control groups is impractical as long as FSET is, at least in theory, a mandatory program. For example, most work registrants in Los Angeles County are males who receive both State-funded General Assistance and food stamps. In return for these benefits, the State requires them to work in unpaid public service jobs. All are expected to perform this service, and sanctions are quickly applied to those who refuse. For this food stamp agency, assigning every other work registrant to a control group which would not be required to perform workfare would be out of the question.

OTA concludes that use of an experimental design to implement national performance standards is not feasible.[37] However, without random assignment, any performance standards will be imperfect indicators of the impact of the State programs. Because performance standards measure only outcomes and not the impacts of State programs, they provide a poor basis for financial rewards and sanctions. Based on its conclusion that model B is impractical, OTA's discussion of FNS' proposed standards in section 4 focuses on model A.

In addition to their limitations as measures of program effectiveness, nonexperimental performance standards may have unintended consequences. For example, JTPA's former performance standards, which emphasized maximizing job placements while minimizing costs, encouraged some local program operators to focus on the most job-ready participants, while providing minimal or no service to welfare recipients and others who were less employable.[38]

Recognizing these problems with performance standards, OTA has identified other policy options, which, if implemented, might enhance the effectiveness of FSET. These are discussed in section 5. Finally, OTA suggests that FNS conduct another comprehensive evaluation, perhaps in FY 1995, to determine whether the proposed policies and performance standards, if implemented, are having the desired effect.

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[34] 56 *Federal Register* 43153 *(Aug.* 30,1991).

[35] 56 *Federal Register* 43164 *(Aug.* 30,1991).

[36] Abt hired on-site & collectors as site coordinators at 24 of the 53 local offices involved in their national FSET evaluation study Abt Associates, op. cit., footnote 15, p. 4-15. When Manpower Demonstration Research Corp. (MDRC) used random assignment to evaluate the impact of State welfare-to-workprograms, it found that it needed at least one or two full-time staff people to collect and analyze the data from each local office. However, the Abt and MDRC were extensive, one-time studies. It is possible that fewer staff would be required if random assignment was used by FSET on an ongoing basis. Barbara Goldman, Director of Research, MDRC, personal communication April 1991.

[37] OTA reached a similar conclusion in its analysis of performance standards for secondary school vocational education. OTA, 1989, Op. Cit., footnote 28, p. 5.

[38] Katherine P. Dickenson, et al., *JTPA Performance* Standards: Effects on *Clients, Services and Costs* (Washington, DC: National Commission fOr Employment Policy, 1988), p. 194.

Section 4

Comparison Between FNS' Proposed Standards and OTA's Model Standards

OTA and FNS are in substantial agreement on many aspects of setting performance standards. For example, like FNS, OTA considered a set of overarching goals, or criteria, for establishing its standards. OTA agrees with FNS that, as long as FSET is mandatory, there must be a minimum participation standard. OTA further supports FNS' proposal that the minimum participation rate be greatly reduced—horn 50 to 10 percent-in order to allow more intensive application of employment and training services to a smaller number of people. OTA also agrees with FNS' selection of two outcome-based performance measures--entered employment rate and educational improvements. However, OTA suggests using quarterly earnings of participants, rather than hourly wages, as one outcome-based measure. And, OTA disagrees with one measure proposed by FNS--the percentage of households that no longer receive food stamps.

OTA supports FNS' approach of setting an initial national standard as a benchmark, with future revisions to the standards as more data become available. OTA also agrees with two of the initial benchmarks proposed by FNS (see tables 1 and 2). However, there are a few areas of disagreement in addition to those noted above. These include the priority of service, some of the weights, and some of the initial benchmarks. Finally, as discussed in section 5, Congress and FNS may want to make some more fundamental changes to FSET.

CRITERIA FOR DEVELOPING STANDARDS

In developing their proposed standards, both FNS and OTA examined legislation to assess what Congress wanted from the new performance standards. Based on its analysis of the Hunger Prevention Act of 1988, FNS identified three goals, or "design

Table l—Performance Measures Selected-Comparison Between FNS' Proposed Rule and OTA's Model Standards

Measures considered	FNS	OTA
1. Participation rate	Yes	Yes--FSET is "mandatory"
2. Entered employment	Yes	Yes--legislative goal
3. Average wage	Yes	Use earnings instead
4. Reductions in food stamp dependency	Yes	No-may have unintended consequences
5. Educational improvements	Yes (optional)	Yes (optional--difficult to define
Definition of terms		
Terminee (FNS) Participant (OTA)	Those who are assigned to FSET, and either complete the program or drop out, excluding those who do not appear for their first activity	Same
Job	Must involve 20 or more hours per week of unsubsidized employment and be expected to last at least 30 days	Same
Hard to employ (HTE)	Participant who lacks a high school diploma/GED and has not worked in the prior year	Same

SOURCE: OTA, 1992.

Table 2—Comparison of Initial National Standards

Measure	FNS	OTA
Participation rate	10 percent	Agrees—target more intensive services on a smaller group
Job placement rate	25 percent of terminees	Agrees-based on FNS analysis of what is readily achievable
Average wage	$4.45/hour	
Quarterly earnings		-$1,395
Food stamp case closures	20 percent of terminees	Would not use this measure
Educational improvements	25 percent of those who start educational programs	Agrees-little data to set a standard

SOURCE: OTA, 1992.

issues." These goals are: 1) greater State flexibility, to accommodate the act's call for greater services to participants with greater barriers to employment and for more emphasis on educational improvement; 2) establishing priority of service, with hard-to-employ mandatory participants receiving first priority, mandatory participants second priority, and volunteers third priority; and 3) making use of existing data on FSET and its participants, specifically the Abt evaluation.[39]

OTA derived four criteria from its analysis of congressional intent. First, OTA suggests that setting and implementing performance standards be viewed as an ongoing *process,* rather than a one-time activity. Congress recognized that modifications would be needed as State experience in operating FSET grew, and called for such modifications in both the Food Security Act and the Hunger Prevention Act. In addition, OTA supports FNS' proposal that ongoing modifications be used to encourage the States to continually improve on their previous performance.

Second, OTA suggests that the performance standards be aimed at the goal, stated in the Hunger Prevention Act, of helping food stamp recipients *achieve self-sufficiency.* Third, the standards would ideally be set to allow maximum *State flexibility,* reflecting the Food Security Act which directs the States to implement a program, "designed by the State," and including one or more of a list of five components.[40] OTA's fourth criterion is that the model standards should encourage service to *individuals who have greater barriers to employment, as* required by the Hunger Prevention Act.

FNS AND OTA STANDARDS

Based on the criteria just outlined, OTA agrees with three of the five performance measures proposed by FNS. First, although it is not an outcome-based measure, OTA supports FNS' decision to continue to measure State participation rates, and to require a minimal level of participation. OTA also supports FNS' selection of two other outcome-based measures:

- job placements; and
- educational improvements.

However, OTA proposes to measure earnings, rather than wages, and OTA disagrees with FNS' proposal for measuring reductions in food stamp dependency. The rationale is discussed below, along with a proposed standard for each measure and a method of calculating overall State performance.

Participation Rate

On average, the States are meeting the current participation rate requirements. For example, in FY 1989, when the required rate was 35 percent, the States either enrolled or initiated sanctions against approximately 47 percent of non-exempt mandatory work registrants, or 1.2 million persons.[41] However, given the Abt evaluation showing that broad distribution of very inexpensive employment and training

[39] 56 *Federal Register,* 43157 *(Aug.* 30, 1991).

[40] Job search; job search training; workfare; work experience; supported work. The Hunger Prevention Act of 1988 added a sixth component—educational programs.

[41] Puma, et al., op. cit., footnote 15, p. 3-26.

services[42] to a large fraction of work registrants had no impact, OTA supports FNS' proposal to lower the required participation rate standard to 10 percent. As discussed below, OTA uses a different definition of "participant" than that proposed by FNS.

When reauthorizing funds for FSET in 1990, Congress limited the basic State grant total to $75 million for FY 1991-95. With this funding cap, only a lower participation rate will allow the States to provide more intensive employment and training services. To ensure that this smaller group (10 percent) of FSET participants includes those "with greater barriers to employment" (defined by FNS and OTA as those who lack a high school diploma and who had no work experience in the year prior to entering FSET), OTA agrees with FNS' proposal to give extra credit in calculating some of the measures for those participants who fall into this category .43

In addition to Abt's findings that FSET spreads low-cost services too widely, research by the Manpower Demonstration Research Corp. (MDRC) suggests that programs that include at least some intensive education and training services have a greater impact on participants' employment and earnings. The programs that were closest to FSET in goals were the Work Incentive (WIN) Demonstration programs aimed at AFDC recipients and operated by the States with Federal assistance under the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35).

The WIN demonstrations served a different clientele from that served by FSET. WIN participants were overwhelmingly single mothers while FSET participants in FY 1988 were half male and predominantly childless.[44] Because of this difference, care must be taken in using research on the WIN programs to draw conclusions about ways to improve FSET. Nevertheless, there are striking similarities. The WIN programs resembled FSET in that most were relatively simple, low-cost programs emphasizing job search rather than extensive remediation or occupational training and in the fact that they were mandatory. As in FSET, the welfare agencies operating the WIN programs tried to enroll a large fraction of mandatory participants; however, another similarity with FSET was that the welfare agencies implementing the programs were reluctant to sanction those who failed to enroll or subsequently dropped out, and only about half of the ''mandatory' participants ever actually participated for even a brief time.[45]



Photo credit: U.S. Department of Agriculture

A job search training class operated by the Wilmington, Delaware FSET program in 1988. Funding limits and a high participation standard meant that, nationally, less than one-third of FSET participants received such training in FY 1988.

Despite these similarities, FSET had no discernible impact in 1988, while five of seven WIN programs that MDRC evaluated using an experimental design yielded statistically significant gains in earnings for participants.[46] The average earnings among the experiment groups in the WIN programs ranged from 10 to 30 percent more than the earnings of the control groups by the third year after program entry .47 There are two key differences between WIN and FSET that may account for this. First, although low in cost, the WIN programs were more expensive (ranging from under $200 per participant in Cook

[42]Just over half of FSET clients were assigned to individual job search, 27 percent to job search training, 6 percent to work experience, and 16 percent to educational services in FY 1988. Puma, et al., op. cit., footnote 15, p. 6-16.

[43]FNS proposes giving extra credit only in the job placement and wage measures. OTA suggests giving extra credit not only in these two measures, but also in the educational improvement measure. This is discussed further below.

[44]Puma, et al., op. cit., footnote 15, P. 3-30.

[45]Judith M. Gueron, "Work and Welfare: Lessons on Employment Programs," *Journal of Economic Perspectives, vol. 4, No. 1,* winter 1990, p. 90.

'Ibid., p. 87.

[47]The exceptions were West Virginia, a State with exceptionally hi@ unemployment, and Cook County, Illinois, which operated the least expensive program, monitoring individual job searches and providing little direct assistance. Ibid., p. 94.

County, Illinois and Arkansas to around $1,000 in Baltimore) and involved more of participants' time than FSET. Second, as discussed above, the population served by the WIN programs was made up of mothers, with little job experience, while that served by FSET is half male and predominantly childless.

Support for the hypothesis that FSET had little impact because its per participant expenditures were so low is found among the seven WIN programs. As shown in table 3, the only programs that had no impact were those in West Virginia, which had the highest unemployment rate in the Nation (21 percent in 1983), and Cook County, Illinois, where average expenditures were only about $130 to $160 per participant.[48] The low costs of the Cook County program reflected its emphasis-monitoring and sanctioning nonparticipants. Little staff time or expense was required for direct services, because the program consisted of 2 months of independent job search followed by up to 3 months of unpaid workfare.[49] The Arkansas program, while also inexpensive, provided more direct assistance to participants, primarily in the form of a 2-week job club. For comparison with FSET, see footnote 42.

By contrast, the programs that spent the most on their participants, in Maryland and California, yielded the largest absolute gains in participant earnings when compared with control groups. San Diego's Saturation Work Initiative Model (SWIM) program, which combined an initial period of job search for all participants followed by unpaid work experience, remediation, and occupational training for those who needed it, yielded the greatest earnings gains, which increased to nearly $900 per year by the third year after participants entered the program.[50] In its most recent analysis of the seven WIN programs as well as several others, MDRC concluded, "broad-coverage programs that included some higher-cost services had greater average earnings impacts than those that did not.' '[51]

Table 3-Costs and Earnings Impacts of Mandatory Employment and Training Programs for AFDC Recipients

Program	costs	Gains (dollars)	Gains (percent)
Illinois (Cook County)	$157	$0	0%
Arkansas	118	337	31 (year 3)
West Virginia	260	0	0
Virginia	430	268	11 (year 3)
California (I)	636	443	23 (year 1)
California (II) (San Diego SWIM)	919	658	29 (year 2)
Maryland	953	511	17 (year 3)

NOTE: Costs are average cost per participant. Gains are statistically significant increases in the average amount earned by participants when compared with controls.

SOURCE: Judith M. Gueron and Edward Pauly, *From Welfare to Work* (New York, NY: The Russell Sage Foundation, 1991), pp. 15-17.

Why would the second difference, a higher proportion of males with fewer dependents, contribute to FSET being ineffective? One possibility is that single mothers have so little labor market experience that even small interventions will give them a significant gain in employment and earnings, whereas males and single females who are the targets of FSET generally have some job experience and many of them can find employment without the help of an employment and training program.[52] However, the results of the San Diego SWIM program suggest that more intensive services *can* have an impact, helping males not only to find jobs, but to find better jobs than they otherwise would have. This program included males receiving AFDC-UP (unemployed parent) benefits. On average, male participants earned $454, or 12 percent, more than males in the control group in the second year after random assignment.[53]

Another possibility is that mothers are more likely to benefit from employment and training programs

[48] 1986 dollars.

[49] Daniel Friedlander et al., *Final Report on Job Search And Work Experience in Cook County* (New York, NY: Manpower Demonstration Corp., 1987), p. viii.

[50] Judith M. Gueron, cited in *Manpower Demonstration Research Corporation: 1989 Annual Report* (New York, NY:

[51] Judith M. Gueron and Edward Pauly, *From Welfare to Work* (New York, NY: Russell Sage Foundation, 1991), p. 27.

[52] Among a representative sample of 13,000 work registrants eligible for FSET in 1988, about half (53 percent) had had some employment i year. The 13,000 work registrants were randomly assigned to participate in FSET or enter a control group. When participants and controls were surveyed 1 year after random assignment, about half (52 percent) of each group had experienced some employment during the previous year. Puma, et al., op. cit., footnote 15, pp. 3-31 and 4-25.

[53] Gueron and Pauly, op. cit., footnote 51, p. 35.

because they are highly motivated by the desire to provide for their children. Both the mandatory WIN programs and voluntary demonstration programs, including one which trained AFDC recipients as home health aides,[54] have increased the earnings of single mothers. The literature does not suggest what might provide similar motivation to males or females without children. However, one approach to increasing the motivation of FSET participants might be to make the program voluntary, rather than mandatory (see section 5). It is possible that those who are self-motivated to volunteer would be more likely to complete education, training, job search, and other activities that would lead to employment than those who are motivated only by the threat of sanctions.

Definition of "Participant"

FNS proposes to use two different definitions of "participant.' For the purposes of meeting the 10 percent participation standard, a "participant" would be any non-exempt mandatory work registrant who is assigned to FSET, including those who never appear for an FSET activity .55 For the purposes of calculating the outcome-based performance standards, FNS proposes to use a base of ''terminees' made up of only those participants who actually begin their frost assigned activity.

OTA finds these two definitions inconsistent and suggests that FNS use a single definition for both purposes-those who actually begin their first assigned activity, excluding initial "no shows. " In terms of the participation standard, the Abt evaluation discussed above found that one factor in FSET's lack of impact was lack of participation. Despite the threat of sanctions,[56] over half of "mandatory" participants never received any employment and training services that year. Most of these (34 percent) were ''no shows," who never appeared for their frost FSET activity, such as a job club. Thus, to meet the 10 percent participation standard under OTA's definition, the States might have to target about 14 percent of work registrants for enrollment with the expectation that one-third would not appear.

OTA agrees with FNS' proposal to include volunteers along with mandatory participants when calculating the outcome-based performance measures.

Priority of Service

FNS proposes that, in delivering FSET services, the States give first priority to mandatory participants (i.e., work registrants who have not been found exempt) who are "hard to employ" (HTE), second priority to mandatory participants who are not hard to employ (NHTE) and third priority to food stamp recipients who volunteer.[57] As an incentive to the States to implement these priorities, FNS proposes giving extra credit for HTE in the job placement and wage measures, regular credit for mandatory participants in all four measures, and half credit for volunteers in the job placement and educational improvement measures.[58]

Based on the criterion that FSET should serve *those with greater barriers to employment* and on MDRC's research which shows that welfare-to-work programs have little impact on those who are most job-ready, OTA supports giving first priority to HTE participants. In the WIN programs discussed above, program impacts were greater-up to a point-for those who were more welfare-dependent and less job-ready .59 However, the qualification is significant as figure 4 shows: impacts were smallest for the ***most*** welfare-dependent as well as the *least* welfare-dependent (who were most able to find jobs on their own).[60] In addition, the positive impacts occurred in settings where the more welfare-dependent were "mainstreamed" in job clubs with those who were more job-ready, a setting which may have benefited the less job-ready. This research implies that FSET might begin to have an impact if

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[54]Stephen H. Bell et al., *Overview of Evaluation Results—Evaluation of the AFDC Homemaker-Home Health Aide Demonstrations* (Washington, DC: Abt Associates, Inc., 1987), p. ix.

[55]56 Federal Register 43188 (Aug. 30,1991).

[56]Abt found that sanctions were not strongly applied. However, OTA's analysis, discussed further in section 5, suggests th sanctions do little to encourage participation in "mandatory" programs.

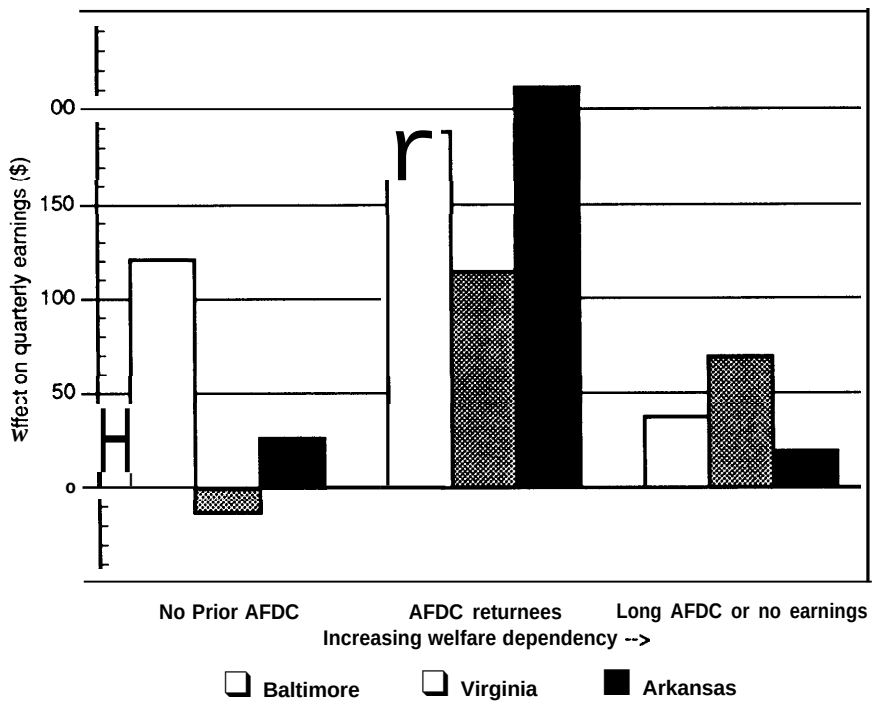
[57]56 *Federal Register* 43157 (Aug. 30,1991).

[58]FNS gives full credit for volunteers in its wage rate and food stamp case closure measures. The rationale for this inconsistency is unclear.

[59]Daniel Friedlander and David Long, *A Study of Performance Measures and Subgroup Impacts in Three Welfare E m p l* (Washington, DC: National Commission for Employment Policy, 1987), pp. vii, xv.

'Ibid., p. x.

Figure 4-Subgroup Impacts



The impact of employment and training programs is greatest for those at an intermediate level of welfare dependency.

SOURCE: Daniel Friedlander, *Performance Indicators for Selected Welfare Employment Programs (New* York, NY: Manpower Demonstration Research Corp., 1988), p. xiv.

the States could be encouraged to move beyond the most employable (the least welfare-dependent) to serve the middle group. It also suggests that very intensive services are needed to have an impact on work registrants in the bottom (most welfare-dependent) group.

OTA concurs with FNS' definition of HTE--those who have not completed high school or obtained an equivalency degree and have not been employed in the preceding 12 months. However, based on its criterion that FSET should be aimed at helping individuals ***achieve self-sufficiency,*** OTA proposes that full credit be awarded for successful outcomes among volunteers.

Many work registrants leave the food stamp rolls and find work (with or without receiving FSET services), only to become unemployed and go back to needing food stamps again.[61] To achieve self-sufficiency, this group may require remedial education and/or occupational training" to obtain more stable employment. Although there is no conclusive research on this point, volunteers might be more likely than mandatory participants to have the self-motivation required to complete such training and to search for a good job. While allowing full credit for volunteers, OTA recognizes that this could lead to providing services to the most job-ready, who are least likely to benefit from FSET. Therefore, OTA suggests giving extra credit for HTE volunteers as well as HTE mandatory participants in calculating the other three outcome-based performance measures.

Job Placements

FNS proposes the following measure of entered employment rate (EER):

EER = (3 X no. HTE mandatory jobs) + no. NHTE mandatory jobs + (0.5 X no. volunteer jobs)/HTE

[61] Charles U&ret al., "Long Term Participation in the Food Stamp Program by Work Registrants," in Carole Trippe et al. (eds.), *Food Stamp Policy Issues: Results From Recent Research* (Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service, 1990), p. 205.

Table 4-Job Placement Rate-Comparison Between FNS' Proposed Rule and OTA's Model Standards

	FNS	OTA
Definition.	Participants employed within 1 month after the month they leave FSET	Participants employed at 3 months after leaving FSET
Weights for HTE.	Triple credit for HTE, based on relative employability of the two groups	Same-agree with analysis and logic. Include HTE volunteers
Priority of service.	Half credit for volunteers	Full credit for volunteers, who may be more motivated than mandatory participants
Weights for benefits.	No extra credit for jobs with medical benefits	Double credit for jobs with medical benefits, to increase retention

SOURCE: OTA, 1992.

mandatory + NHTE mandatory + volunteer terminees.

OTA agrees with FNS that State performance should be measured, at least in part, in terms of job placements. Two of the goals of FSET are to increase employment and to help individuals achieve self-sufficiency. However, as noted above, OTA would give full credit to volunteers (and extra credit to HTE volunteers) in calculating this and the other performance measures. OTA agrees with FNS' proposal to include volunteers in both the numerator and the denominator for this measure.

OTA disagrees slightly with FNS on the timeframe for measuring employment outcomes of FSET participation. FNS proposes "the end of the month following the month of E&T (employment and training) termination."[62] This would be between 1 and 2 months after completion of FSET activities. Because job-finding can be a drawn-out process, especially when the economy is weak, OTA suggests an alternative measuring period corresponding with that used under JTPA performance standards—13 weeks after leaving the program (see table 4).[63] OTA suggests this timeframe not only to conform to JTPA, but also because employment status at 13 weeks (or 3 months) from program exit is a better predictor of long-run gains in earnings and reductions in welfare than employment status in the month following program exit.[64]

FNS does not specify how data for this measure are to be obtained, but appears to assume that the States will conduct postprogram surveys and/or interviews with a sample of participants. OTA agrees with this approach, but suggests that FNS continue to monitor the feasibility of using unemployment insurance (UI) wage record data. When current problems of interstate data transfer and time delays can be resolved, UI data may prove to be more accurate and cost-effective than relying on participant surveys.[65]

Weights

OTA supports FNS' proposal that job placements be weighted to encourage the States to enroll those ''with greater barriers to employment. The Hunger Prevention Act requires the States to help this group; in addition, such targeting may represent the best use of limited Federal and State FSET funds.

Without weights, and with a participation standard of only 10 percent, the States might simply enroll the most job-ready work registrants to meet the job placement standard. FNS found that, among 1988 FSET participants, the HTE group was only half as likely to find jobs as the NHTE group.[66] Recognizing that it might take the States at least twice as much effort to place this group, and to provide an additional incentive, FNS proposes giving triple credit for each HTE placement. OTA concurs with FNS' analysis and proposed weighting.

In order to move toward the goal of helping ''individuals achieve self-sufficiency,' OTA also suggests that additional weight be given for place-

[62] 56 *Federal Register 43158 (Aug.* 30, 1991).

[63] Roberts T. Jones, ''Training and Employment Guidance Letter No. 9-89, June 29, 1990,'' U.S. Department of Labor mimeo, Washington, DC.

[64] Jeffrey Zornitsky et al., *Establishing a Performance Management System for Targeted Welfare Programs* (Washington, DC: National Commission for Employment Policy, 1988), p. vi.

[65] John Baj and Charles E. Trott, *A Feasibility Study of the Use of Unemployment Insurance Wage-Record Data as an Evaluation Tool for JTPA* (Washington DC: National Commission for Employment Policy, 1991), p. v.

[66] 56 *Federal Register* (Aug. 30, 1991), p. 43168.

ments of both HTE and NHTE clients (including volunteers) in jobs that include paid medical benefits. According to a recent study, "low-wage jobs generally come with low-or no-medical benefits." [67] This problem prevents some welfare recipients, who often qualify for Medicaid, from leaving the welfare rolls. Congress recognized this problem in providing transitional Medicaid for JOBS participants who obtain employment, but no such benefits are available for FSET participants who become employed. Based on a 1986 estimate that only 13.4 percent of low-wage jobs provided health benefits, it maybe seven or eight times as difficult to find such jobs. [68] Following FNS' approach to weighting for HTE job. placements would lead OTA to propose seven or eight times credit for placements in jobs with paid medical benefits. However, to avoid placing too much emphasis on this one measure of job quality, OTA suggests giving double credit for jobs with medical benefits. This extra credit would apply to all FSET participants, whether or not they are hard to employ, including volunteers.

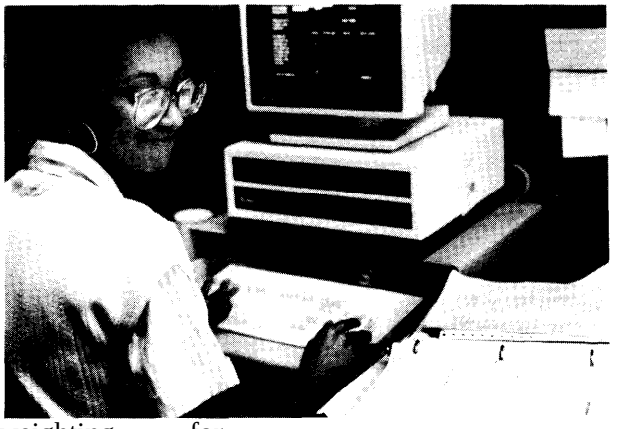


Photo credit: U.S. Department of Agriculture

The 25 percent placement standard reflects the difficulty of placing even job-ready FSET participants. This woman with job-related skills went through four tough interviews with the help of an FSET counselor before landing a job as a clerical worker in an appliance store.

Initial National Standard

Based on its analysis of State success rates in placing FSET participants in 1988, FNS proposes an initial benchmark of 25 percent for FY 1992-94. This proposed standard is based on what FNS estimates that 75 percent of the States were able to achieve in FY 1988.[69]

FNS proposes raising the standard in future years, as the States become better at finding jobs for FSET participants. For example, a new national benchmark for FY 1995-96 would be set based on State performance during FY 1992-94. However, future standards, like the initial benchmark, would continue to be based on the 25th percentile of what has been achieved. This proposal follows Congress' intent that the new performance standards be easily attainable. OTA concurs with this approach and with its rationale. OTA notes that the use of the 25th percentile does not preclude increases in the standard over time. Using the 25th percentile, the JTPA performance standards for adult followup employment increased from 60 percent for program years 1988 and 1989[70] to 62 percent for program years 1990 and 1991.

Earnings

The Hunger Prevention Act specifies that the FSET performance standards take into account job placement rates, wage rates, and job retention rates. However, FNS' proposed standards take only the first two factors into account. FNS proposes the following measure of wage rates:

Average hourly wage rate = (0.5 X portion exceeding minimum wage) + HTE wages + NHTE mandatory wages + volunteer wages/HTE + NHTE.

OTA suggests that FNS develop an alternative measure--e arnings--that would capture both wage levels and job retention. Most FSET participants in 1988 were very poor. Although 53 percent had experienced some employment in the year prior to being certified for food stamps,[71] nearly three-quarters had annual incomes below 75 percent of the poverty line of $7,500, as defined by the Office of

[67] Mary Jo Bane and David T. Ellwood, "' Is American Business Working for the Poor?" *Harvard Business Review,* September-October 1991, p. 60.

[68] Only 13.4 percent of persons earning less than $5,000 in 1986 received employer-provided health insurance. Robert L. Clark, *Employee Benefits for American Workers* (Washington, *DC:* National Commission for Employment Policy, 1990), p. 19. In 1988, two-thirds of FSET participants earned less than $3,000. Puma, et al., op. cit., footnote 15, p. 3-31.

[69] 56 Federal Register 43187 (Aug. 30, 1991).

[70] JTPA operates on a program year, from July 1 to June 30, rather than the Federal fiscal year, running from Oct. 1 to Sept. 30.

[71] Puma et al., op. cit., footnote 15, p. 3-31.

Management and Budget. Eighty percent earned less than $6,000 in the year before they entered the program.

One factor in the poverty of the work registrants targeted for FSET is the short duration of the jobs they find. An analysis of work registrants in the States of Alabama and Washington found that the largest share of food stamp allotments "was consumed by households that experienced multiple spells within 2 to 21/2 years after they were initially certified. ''[72] Although they made up less than a third of the work registrants studied, these households consumed nearly half of all food stamp allotments during the study period.

OTA suggests a measure of earnings, not only because earnings reflect job retention, but also because earnings may illuminate the impact of the program. In a study for the National Commission for Employment Policy, Abt Associates examined several alternative short-term performance measures to see how well they correlated with real earnings gains (identified in a comparison with control groups) for AFDC recipients who had been involved in a demonstration project to employ them as home health aides. Abt found that average earnings over the 6 months following program termination was the best predictor of long-term gains in income and reductions in welfare dependency.[73] Given the high cost of obtaining data at 6 months after program exit, Abt found that average wages over 3 months was nearly as good a proxy for earnings gains.

OTA proposes that earnings be measured in conjunction with employment, either through interviews with participants, or, if feasible, using UI wage data on participants. OTA finds that the additional data would not be burdensome to obtain.[74]

Weights

FNS proposes that weights be used to encourage the States to place FSET participants, particularly those who are hard to employ, in jobs paying above the minimum wage. Specifically, FNS proposes that the States be given 1.5 times the usual credit for that portion of the wages of HTE participants that exceeds the Federal minimum wage ($4.25 per hour, as of April 1, 1991). For example, an HTE client who was placed in a $6 per hour job would be credited at an average wage of $6.87 per hour. FNS' proposal, like that for job placement of HTE, is based on its analysis of the wages earned by HTE FSET participants in 1988. This analysis found that the average wages of HTE participants were above the minimum wage, but by a smaller amount than the wages of NHTE participants.[75] OTA finds the analysis and proposed weighting reasonable, and suggests that FNS incorporate them into an earnings measure.

In assessing overall State performance, OTA suggests that extra credit be given for achievement of the earnings standard. A study of the impacts of performance standards on the services provided by local JTPA operators found that policies which put greater weight on the wage standard "significantly increase provision of classroom training in occupational skills. ' '[76]

Initial National Standard

FNS proposes an initial national wage benchmark of $4.45 per hour, or 5 percent above the national minimum wage that became effective April 1, 1991. As with the other initial standards, the $4.45 level is derived from its analysis of data derived from the 1988 FSET evaluation, and is expected to be the level that at least 75 percent of the States are already achieving.

OTA suggests an initial quarterly earnings benchmark, to be measured at 3 months following program exit, in the range of $1,395 (see table 5). This estimate is based on the average number of hours worked by 1988 FSET participants, multiplied by a

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[72] Charles Usher et al., "Long-Term Participation in the Food Stamp Program by Work Registrants," in Carole Trippe et al. (eds.), Food *Stamp Policy Issues: Results From Recent Research (Alexandria* VA: U.S. Department of Agriculture, Food and Nutrition Service, 1990), p. 205.

[73] Zornitsky, et al., op. cit., footnote 64, p. vi.

[74] The U.S. Department of Labor, which oversees collection of postprogram data on JTPA participants, has found that the greatest expense is finding the persons to be interviewed. Adding a few more questions to the interview does not add greatly to the time or expense of data gathering. Steve Aaronson, U.S. Department of Labor, personal communication Nov. 27, 1991.

[75] 56 Federal Register 43171 (Aug. 30, 1991).

[76] Dickinson et al., op. cit., footnote 39, p. 195.

Table 5-Average Wage and Earnings-Comparison Between FNS' Proposed Rule and OTA's Model Standards

	FNS--Average wage	OTA--Quarterly earnings
Definition.	Average wage of those employed within 1 month of leaving FSET	Earnings in the 3 months after leaving FSET
Weights—HTE.	Extra credit for HTE wages above $4.25/hr (the current minimum wage)	Incorporate extra weight into earnings measure, with extra credit for HTE wages above $5.00/hr.
Weights--overall performance.	No extra credit for wages in overall performance	Extra credit for earnings in assessing overall State performance--to encourage placement in longer lasting jobs

SOURCE: OTA, 1992.

wage of $5 per hour.[77] FNS may wish to calculate a more exact earnings benchmark, based on the 25th percentile, rather than the average.

OTA's proposed earnings standard incorporates a slightly higher wage ($5 per hour) in order to encourage bringing more FSET participants out of poverty. The Abt evaluation found that most FSET participants lived in relatively small households; nevertheless, the average household size was 2.2 persons, and 30 percent lived in households with three or more children. The Bureau of the Census places the 1990 poverty line for a family of three at $10,419. An FSET participant who was the sole support of such a household and was placed in a job earning the benchmark wage proposed by FNS ($4.45 per hour) would earn only $9,256 under the optimistic assumption that the job was full time and lasted a full year. Thus, the family would still be in poverty. Only single and two-person food stamp households would be brought above the 1990 poverty line with the wage proposed by FNS. By increasing the benchmark to $5, FNS could encourage the States to seek out better jobs that would represent a significant improvement over welfare.

An earnings measure based on a $5 per hour wage should not be too difficult to attain. Among food stamp recipients enrolled in JTPA in 1989, the average hourly wage at termination was $5.11, but the average hourly wage among those who had participated in classroom training was $5.56, while those who received only job search assistance averaged $4.75.[78] Another study of JTPA participants in 1985 found that training correlated directly with wages—training in higher skill jobs led to higher average wages for both those who were more job-ready and those who were less job-ready (this group included welfare recipients with no recent work experience).[79]

Reductions in Food Stamp Dependency

FNS proposes the following measure of reductions in food stamp dependency:

Case closure rate = no. all mandatory cases closed + no. all voluntary cases closed/all mandatory terminees and voluntary terminees.

Although the FNS proposal is derived from the Hunger Prevention Act, which specifies that the performance standards take into account "households ceasing to need benefits under this act," OTA disagrees with it. OTA *does* agree with FNS' statement that "it would be extremely difficult to construct an affordable measure that could directly capture 'ceasing to need benefits.'"[80]Need for food

[77]The average hours worked in the 90 days following program *entry* was 279. Information supplied by Steven Bell, Abt Associates, Inc., based on Puma et al., op. cit., footnote 15, pp. 7-15,7-19.

[78]U.S. Department of Labor, op. cit., footnote 18, 1991, p. 29.

[79]However, the study also found that less job-ready individuals typically received less training and more low-cost job search assistance than those who were more job-ready. In addition, dropouts were undeserved in proportion to the eligible population, and typically received little remedial education and little training. U.S. General Accounting Office, *Job Training Partnership Act: Services and Outcomes for Participants With Differing Needs,* GAO/HRD-89-52 (Washington, DC: 1989), pp. 3,51.

[80]56 *Federal Register* 43172 (Aug. 30,1991).

stamps is a complex matter determined on the basis of family size, income, living expenses, and other factors by caseworkers on a case-by-case basis. Obtaining this information from individuals who are no longer involved in FSET and possibly no longer obtaining food stamps would be costly and time-consuming.

Although FNS' proposed substitute is a much simpler measure, case closures can occur for many other reasons besides increased income. In particular, using case closures as a performance measure could have the unintended effect of encouraging States to sanction nonparticipants, rather than encouraging participation through positive means.

MDRC's studies of the mandatory WIN programs found that, among the most disadvantaged subgroup participating, there were no "consistent or large" earnings gains, but that this group provided the largest welfare savings.[81] This suggests that some of those eligible for AFDC went off the rolls, perhaps out of fear of sanctions, without finding jobs. Using food stamp case closures as a performance measure could have the same effect on the HTE group within FSET, discouraging those who most need food stamps from using them.

Although omitting this measure does not accord with the original language of the 1988 Hunger Prevention Act, Congress recently changed its requirements for the FSET performance standards[82] and no longer specifies that they take into account ''households ceasing to need benefits.'

Educational Improvements

> ... today, even if you're a janitor, there's still reading and writing involved. **Like if they leave a** note saying, 'Go to room so-and-so, this and that. ' You can't do it. You can't read it. You don't know. And they ain't going to hire somebody to run along and tell people what to do.[83]

FNS Proposed Measure

FNS proposes the following measure of educational improvement:

Educational improvement rate = no. mandatory terminees + (voluntary terminees x 0.5) who completed 64 hours, or earned General Educational Development certificates (GEDs), or met State goals / all educational mandatory and voluntary terminces. [w]

This calculation measures the proportion of 'successful' participants among those who enter educational programs. Successful completion would be determined by the States,[85] judging performance on one or more of the following:

1. completion of 64 or more hours of classroom training;
2. obtaining a high school diploma or equivalent; or
3. meeting State-defined educational goals comparable to those that could be accomplished in the 64 hours prescribed in 1.[86]

Education that can be counted toward the 64 hours must focus on ''basic educational skills. "[87] Examples are adult basic education (ABE) and english as a second language (ESL) classes, GED preparatory classes, and other training designed to improve the skills of participants in one or more of the six basic skills of reading, writing, mathematics, speaking, listening, and problem-solving.[88] FNS **proposes** that inclusion of an educational improvements measure be at the option of each State. No explicit penalty would be levied on States that did not include such a measure. However, successful performance on the measure would earn States extra credit toward receipt of incentive funds.[89]

This section first considers the justification for including educational improvements as one of the outcome-based performance measures. It then pre-

81 Gueron and Pauly, op. cit., footnote 51, p. 30.

82The Ford, Agriculture, Conservation and Trade Act of 1991 (Public Law 102-237, signed December 13, 1991).

83Ellen Cole, *The Experience of Illiteracy* (Yellow Springs, OH: Union Graduate School, 1976), p. 123 in Paula Duggan, *Literacy at Work; Developing Adult Basic Skills for Employment* (Washington, DC: Northeast-Midwest Institute: The Center for Regional Policy, 1985), p. 2.

8456 *Federal Register* 43173 (Aug. 30,1991).

8556 Federal Register 43159 (Aug. 30,1991).

8656 *Federal Register* 43172 (Aug. 30,1991).

87Ibid.

8856 Federal Register 43172 (Aug. 30,1991). Ibid.

8956 *Federal Register* 43184 (Aug. 30,1991).

sents an analysis of the FNS proposed measure, and OTA's suggested changes.

Justification for Measurement of Educational Improvements

Although States are not required to raise the educational level of FSET participants, there are good reasons to encourage them to do so by including educational improvements in the outcome-based performance measures. Arguments in support of this position include legislative intent, the relationships between education, employment and earnings, and employer demand for higher educational levels in applicants for positions where demand for educational qualifications has been, until quite recently, minimal.

Congressional interest in education as a means to reduce food stamp dependency has increased steadily since the mid-1980s. In the Food Security Act of 1985 Congress defined a food stamp employment and training program as including one or more of the following components: job search, job search training, workfare, and work experience and/or training.[90] In the 1988 Hunger Prevention Act, Congress added "educational programs or activities to improve basic skills" to this list of optional components.[91] The Food, Agriculture, Conservation, and Trade Act of 1990 inserts "and literacy" after "basic skills" in the phrase just quoted from the 1988 act.[92]

There are strong associations between education, employment, and earnings. The more education a person has, the more likely that person is to be employed. Among those employed, the more highly educated enjoy higher wages,[93] and over the past 30 years, education has increased in importance as a contributor to earnings. Between 1960 and 1984, the difference in earnings between high school graduates and those who dropped out of high school increased from 30 to 60 percent.[94] The positive associations between education and employment and between education and earnings are likely to increase in the future, paralleling expected increases in both the pace of change and the complexity of technology.

Employers increasingly use educational attainment as a screen in both hiring and promotions. A postsecondary education is now desired in many industries where job applicants could previously qualify with a high school diploma or less. For example, textile firms now seek graduates of 2-year associate degree programs for maintenance and repair positions, a striking change from past practice. Until recently, textile companies saw no need for a high school diploma, and entry-level workers with motivation and ability could expect to rise from low-level jobs into repair and supervisory positions.[95] On average, in all industries, workers with less formal schooling have fewer opportunities for workplace-based training, and thus for advancement, than those who are more highly educated.[96]

Compared to the general population, the food stamp population is poorly educated. Whereas three-fourths of the U.S. population aged 25 and older have completed a high school education,[97] half of those eligible for FSET had done so in FY 1988.[98] In a 1986 study of food stamp work registrants in job search demonstrations, average schooling was 10.5 years.[99] FSET participants are even less likely than the total population of food stamp recipients to have a post-high-school degree.[100]

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[90] The Food Security Act of 1985 (Public Law 99-198), Title XV, Subtitle A, sec. 1517.

[91] The Hunger prevention Act of 1988 (Public Law 100-435), Title IV, sec. 404.

[92] The Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101-624), sec. 1726.

[93] Research on this point is Summarized in Gordon Berlin and Andrew Sum, *Toward a More Perfect Union: Basic Skills, Poor Families, and Our Economic Future (New* York, NY: Ford Foundation, 1988), p. 40.

[94] Anthony P. Carnevale, Leila J. Gainer, and Ann S. Meltzer, *Workplace Basics: The Essential Skills Employers Want* (San Francisco, CA Jossey-Bass, 1990), p. 5.

[95] OTA, *Worker Training,* op. cit., footnote 4, pp. 84-85.

[96] OTA, *Worker Training,* op. cit., footnote 4, p. 228.

[97] Michael Puma, Alan Werner, and Marie Hojnaki, *Evaluation of the Food Stamp Employment and Training Program: Repor Program Implementation* (Washington, DC: Abt Associates, Inc., 1988), p. 53.

[98] Puma et al., op. cit., footnote 15, *Evaluation of the Food Stamp Employment and Training Program,* June 1990, table 3.2,

[99] Brandeis University and Abt Associates cited in Abt Associates, ***Report to Congress,*** Dec. 16, 1988, p. 53.

[100] Ibid., p. 53.

The educational deficits of FSET participants are paralleled by unemployment and low household income levels. Half of FSET participants reported working for pay during the previous 12 months[101] compared to three-quarters of the general population over the age of 16.[102] Annual income is less than $3,000 annually for about two-thirds of FSET participants, and about 80 percent had annual incomes of less than $6,000.[103] Given the relationships between education, employment and earnings, lack of education appears to be a major reason that food stamp recipients need food stamps. The word ''appears' is deliberate. As discussed above, research indicates that in the population as a whole, higher educational levels are associated with higher earnings, but there is no definitive evidence that providing education to welfare recipients enables them to be more self-sufficient. Suggestive evidence comes from programs that include significant amounts of education and training and show sizable impacts on earnings, but these programs differ from less successful programs on other dimensions than education. Thus, the causative importance of increased education to welfare recipients is unproven.[104] The lack of data on the impact of provision of educational services to adult welfare recipients has significantly tempered OTA's conclusions about an educational improvement measure.

Analysis of the Proposed FNS Measure of Educational Improvements

OTA makes the following observations and comments about the educational improvements measure proposed by FNS.

The measure is optional.--Three arguments support making measurement of educational improvements optional when measuring State performance. First, neither Congress nor FNS requires the States to include educational improvement components in their FSET programs.[105] Second, current data are inadequate to develop a baseline for a national standard against which educational improvement may be compared.[106] Third and most important is the above-mentioned lack of direct evidence showing that more education increases the employment and/or earnings of those receiving welfare benefits.

Because of these valid arguments, OTA concurs in making measurement of educational improvements optional initially. However, research now underway may demonstrate the extent to which education enhances the self-sufficiency of those on welfare.[107] OTA suggests that transition to a mandatory measure occur within 5 years if the value of educational improvement to persons in or similar to the food stamp population is demonstrated

Weights for the hard to employ.[108]—In not giving extra credit to the HTE, FNS' proposed educational improvements measure differs from the entered employment rate and the achievement of wages above the minimum wage. The reason given for no extra credit for educational improvements by the hard to employ is that one of the barriers defining them is their lack of a high school diploma or a GED and thus States are already motivated to include them in educational activities.[109] However, the rest of the definition of the hard to employ is that these participants have not worked in the last 12 months. Under the proposed standard for entered employment rate, States receive triple credit for HTE participants who obtain jobs. Triple credit under half the definition of HTE and no credit under the other half of the definition is not consistent. OTA suggests that consistency be maintained and that triple credit be given in both instances.

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[101] Ibid., p. 56.

[102] Ryscavage and Feldman-Harkins *in Report to Congress. . . . Ibid.*, p. 56.

[103] Puma *et al,* op. cit., footnote 15, p. 3-31.

[104] Gueron and Pauley, op. Cit., footnote 51, p. 40.

[105] 56 Federal Register 43173 (Aug. 30, 1991).

[106] 56 Federal Register 43172 (Aug. 30, 1991).

[107] MDRC's study of California's JOBS program, which will produce interim findings in the summer of 1992, and the Rockefeller Foundation's continued research into the impacts of the Minority Female Single Parent Demonstration Program will provide more information on the value of education in enhancing employment and earnings.

[108] 56 *Federal Register* 43173 (Aug. 30, 1991).

[109] 56 Federal Register 43173 (Aug. 30, 1991).

Volunteers receive half credit.[110] -Consistent with its proposals for other measures, OTA proposes that volunteers who satisfy the educational improvements measure be counted at full credit.

The denominator is restricted to those who start an educational component.--One consequence of limiting the denominator to those who start an educational component is that a State where a few people start and all of them successfully complete an education component would score higher by this measure than a State where many people start an education component but only half successfully complete it. OTA notes that this problem could be avoided by changing the denominator for the educational improvements measure to all mandatory and voluntary participants. The larger denominator would imply that all those in FSET should participate in educational components, which seems inappropriate for an optional standard. Therefore, OTA concurs with restricting the denominator of the educational improvements measure to those who begin an education component.

For the purpose of calculating overall state performance, OTA suggests that FNS not attempt to distinguish between satisfactory and outstanding educational components during the first 2 years after implementation of the performance standards. As experience with educational components accumulates, and as research now underway provides information on the benefits of education for the welfare population, FNS may want to reexamine the role of education within FSET.

The States may select one or more of three different categories of success.--OTA agrees with FNS that obtaining a high school diploma or GED certificate is an appropriate measure of educational improvement. OTA notes, however, that these two measures are different. GED certificate holders have passed a set of standardized tests, normed on graduating high school seniors. Those who qualify for a GED certificate have performed on the tests better than 25 percent or more of graduating high school seniors (see box A). Unlike the GED certificate, the criteria for awarding a high school diploma are not standardized and hence may vary across States and localities. On the other hand, high school diplomats have successfully completed required functions within an institutional setting that GED certificate holders have not.

The critical question is: how similar are holders of high school diplomas and of GED certificates with respect to the fundamental goal of FSET—attaining self-sufficiency, as measured by earnings? Published research is inadequate to answer this question. While a national survey of employers found that between 96 and 98 percent treated traditional high school graduates and holders of GED certificates the same in terms of starting salary, employment level, and opportunities for advancement,[111] whether these similarities continue with the passage of years is not clear.[112]

In view of the institutional history of the high school diploma and the scientific basis for the GED, OTA concurs with the use of either as a measure of educational improvement, unless further research demonstrates clear superiority of one over the other.

OTA takes issue with 64 hours of classroom training as the minimally acceptable level for the proposed measure of educational improvements. FNS' justification is that 64 hours is a level of effort roughly comparable to that which a State agency would expend to help each participant find a job.[113] Sixty-four hours is also the number that results when 4 hours per week (the lower bound of Department of Education estimates that 4 to 6 hours per week are spent by adults in Adult Basic Education) is multiplied by 16 weeks (the median number of weeks that work registrants participate in the food stamp program).

Whether or not 64 hours is adequate time to make a significant gain in education is a function of many factors including the educational task that the learner is trying to master, the learner's preexisting proficiency in the task, native ability, the number and spacing of the learning periods into which the 64 hours is divided, and the capability of the teacher, among other variables. For programs similar to those

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110 56 *Federal Register* 43173 (Aug. 30, 1991).

111 Andrew Malizio and Douglas Whitney, "Educational Credentials in Employment: A Nationwide Survey,' American Council on Education and GED Research Brief, May 1985.

112 Investigators attempting to resolve this issue: Hal &a&r, Rutgers University, Princeton, NJ and Stephen Cameron and James Heckman, National Opinion Research Center at the University of Chicago, Chicago, IL.

113 56 Federal Register 43173 (Aug. 30, 1991).

Box A—What Is The GED?

GED stands for General Educational Development The GED tests are administered by the American Council on Education and are taken by people who have not completed high school but **hope to demonstrate that they have knowledge equal to those who have high school diplomas. The *GED* tests have been used in all *50* States since 1963.**[1] **In 1990 nearly *764,00* persons took the** examination and 431,225 passed and were thereby certified as high school equivalents.[2]

The percentage of those who are classified as high school graduates by virtue of the GED tests has increased substantially since the mid-50s. Of high school graduates in 1954, less than 2 percent were GED certified.[3] That number has risen to 16 percent today.[4]

The GED examination consists of ***290*** **items in five test areas: literature and the arts, writing, mathematics,** science, and social studies. The e**xamination is periodically revised to reflect the major content areas** of high school education and changes in how to best test whether applicants have achieved equivalent skills and knowledge. For example, in the last revision in 1988, the examination was changed to include a question requiring an essay answer and questions were changed to place more emphasis on problem-solving skills.

Besides revision of test items to reflect changes in curricula and educational thought, equivalency depends on the more stringent standard of norming the test through performance of those graduating from high school. The American Council on Education recommends that States using the GED tests set the base level for passing all five test areas at the level achieved by at least 25 percent of graduating high school seniors. Most States use a base of 30 percent or higher.[5]

[1]Steven v. Cameron and James J. Heckman, *The Nonequivalence of High School Equivalents*, report *prepared* for the National Science Foundation and the Bureau of Labor Statistics, U.S. Department of Labor, December 1990, revised June 1991, p. 1.

[2]GED Testing Service, *1990 Statistical Report* (Washington, DC: American Council on Education, 1990), p. 2.

[3]Cameron and Heckman, op. cit., footnote 1, p. 4.

[4]Janet Baldwin, American Council on Education, personal communication, Oct. 10, 1991.

[5]Ibid., p. 1.

in which FSET participants would enroll, it is much easier to find general statements about program effectiveness than actual measurements of gains in competence.[114] Information in the literature that bears on this point includes:

- To improve a single grade level in a basic skill such as reading takes 100 hours on average.[115]
- In "exemplary" programs, participants can improve one grade level in 50 hours.[116]
- For those at a very rudimentary level of learning, such as being able to sound out words on road signs, it takes several hundred more hours of learning to be able to understand most newspaper stories.[117]
- The USDA Graduate School's Workforce 2000 Skills Development Program, using individualized self-study in generic literacy areas, helped trainees at the sixth grade reading level and above improve their skill levels by at least one and a half grade levels after only 20 hours of study. Those below the sixth grade level progress more slowly, achieving a half year or more improvement in reading grade level in 40 hours.

It is clear that reported learning in 64 hours varies widely. That is one reason that OTA finds that 64 hours of classroom training is a poor measure of educational improvement. It is not the major reason, however. The greatest problem with designating completion of 64 hours of classroom training as a ''success' is that it is a participation measure rather than an outcome-based performance measure. As is clear from the 1988 Hunger Prevention Act, what is of interest is a measure of the *results* of time spent

[114]Larry Mikulecky, Second *Chance Basic Skills Education, Indiana* University at Bloomington, mimeo, no date, p. 228.

[115]This is true with both military recruits rind in large civilian programs. Ibid., p. 226.

[116]Darling, 1984 in Mikulecky, op. cit., footnote 114, p. 226

[117]Mikulecky, op. cit., footnote 114, p. 226

Box B—What Kind of Education Is Most Likely To Help FSET Participants?

Research shows that what is taught in schools and in adult literacy programs differs from the reading, writing, and analytical tasks in the workplace.[1] The courts accept the distinction; tests of general reading ability for employment have been found unsuitable as job screening devices unless they reflect actual job reading demands (Griggs v. Duke Power).[2] Further, even highly literate men and women do not perform well with technical materkd on subjects with which they are unfamiliar, yet a low level of literacy maybe adequate with the same material if the reader is very familiar with the subject. Results of testing U.S. Navy personnel show that measured reading ability can be several grade levels below the difficulty of the material to be read, yet the material is understood if the reader is very familiar with the subject.[3]

The major distinction between the workplace and the classroom appears to be that in the workplace a person reads, writes, and computes-to-do, while in the classroom he or she reads, writes, and computes-to-learn, a distinction first made by Sticht from military research in 1975 and confirmed by Diehl and Mikulecky in 1980.[4] Put another way, students read texts to gather facts while workers read manuals, memos, schematics and other forms of material to do, to assess, and to solve problems [5] as well as to learn.[6] When reading to learn, students and workers use different strategies. Students take notes and re-read. Workers use a wider array of strategies including problem solving and relating new ideas to what they already know.[7] These differences probably contribute to the weak relationship between academic basic skills measured by standardized tests and job performance.[8]

A related issue is retention. Military recruits who learned basic skills with job-related materials retained most of what they learned, but more than half of the learning gains with material that was not job-related was lost within 8 weeks.[9] The literature does not indicate why learning with workplace material is more effective. Transfer, continued practice, and greater motivation are possible explanations for the greater effectiveness of learning with materials that are encountered during the workday.[10]

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[1] U.S. Department of Education and U.S. Department of Labor, "The Bottom Line: Basic Skills in the Workplace" (Washington, DC: U*S. Government Printing Office, 1988), p. 6.

[2] Ibid., p. 8.

[3] Rosow and Zager, *Training—The Competitive Edge,* footnote 7, p. 180.

[4] Paul V. Delker, "Basic Skills Education in Business and Industry: Factors for Success Or Failure," Contract paper submitted to the Office of Technology Assessment January 1990, p. 3.

[5] Ibid., p. 2.

[6] Larry Mikulecky, "Job Literacy: The Relationship *Between* School Preparation and Workplace Actuality," *Reading Research Quarterly*, vol. 17, no. 3,1982, p. 413.

[7] Ibid., p. 413.

[8] Delker, op. cit., footnote , p. 4.

[9] Thomas G. Sticht, in Larry Mikulecky, *Second Chance Basic Skills Education,* Indiana University at Bloomir mimeo, no date, p. 240.

I-lee@, Ibid., note 6, p. 250.

learning, or attempting to learn, rather than a measure of the time itself.

For the same reasons that OTA disagrees with 64 hours of classroom training as a measure of educational improvement, OTA disagrees with allowing States to define goals comparable to participation in 64 hours of classroom training.

Rather than 64 hours of classroom training or meeting State-defined goals comparable to 64 hours of classroom training, OTA suggests that FNS substitute the following measure: One grade level or an equivalent competency-based educational functional level improvement in one of three basic skills-reading, writing, or mathematics-as demonstrated by a widely used test. Examples of widely used normed achievement tests (which measure

Early results from the Minority Female Single Parent (MFSP) **demonstration study support the importance of relating basic skills acquisition to workplace tasks. This project, funded by the Rockefeller Foundation, provided education, training, job** search assistance, and support services (e.g., child care) to minority mothers, many of whom were on welfare. The four MFSP projects differed significantly in how they provided remediation in basic skills and training in job skills. Two (in Providence and Atlanta) used a traditional sequential approach with remediation of basic skills required before participants could progress to skill training for specific jobs. One provided basic skills to the poorly prepared and gave general training applicable to a variety of jobs in such subjects as electronics and mechanics to those with more skills. The fourth project, at the Center for Employment Training (CET) in San Jose, closely integrated basic skills and job skills training. Comparison of treatment and control groups clearly showed that only the integrated approach of the CET program significantly increased the percentage working and their average monthly wage.[11]

The results of the MSFP projeet must be approached with caution-only four sites were studied and the success of CET may be due to factors such as its long history and its ties to its largely Hispanic community. The timeframe over which controls and participants have been compared (1 year after program entry) may also partly explain the superiority of the GET program. As mare time elapses, the sequential programs may prove to provide statistically significant earnings gains.

Still, minority female single parents seem to value learning more if they can see that it is helping them to achieve their primary objective of getting a job. In the two sequential programs, many of the participants left during the required remedial basic educational classes and never began occupational training. These findings confirm an important principle of adult learning, or andragogy, as formulated by Malcolm Knowles. According to Knowles, the adult orientation to 1earning is Me-or task-centered,rather than learning for the sake of learning. Hence, curricula should be organized around life situations (e.g., "Writing Better Business Utters") rather than abstractions (e.g., courses such as "Composition I").[12] For adults needing remediation of basic skills or English as a Second Language, relevance of what they are learning to the adult world of work is very important.

[11] John Burghardt and Anne Gordon, *More Jobs and Higher Pay (New* York, NY: The Rockefeller Foundation, 1990), p. ii.

[12] Malcolm S. Knowles and Associates, *Andragogy in Action* (New York, NY: Jossey- Bass Publishers, 1985), P. 12.

grade level improvements) are the Test of Adult Basic Education (TABE) and the Adult Basic Learning Examination (ABLE), while the Comprehensive Adult Student Assessment System (CASAS) is a widely used competency based test instrument.[118] OTA suggests that each State be given the flexibility to select the test(s) that it will use to assess success in meeting the educational improvement measure, provided that the test(s) selected is widely used and nationally recognized. Research should continue to establish comparability among these tests.

The measure is not tailored to the special needs of adult learners.— It is clear that strong basic skills are important for a growing number of jobs. However, as shown in box B, the kind of academic basic skills typically offered in remedial educational programs do not always correlate with the skills needed to obtain and perform in good jobs.

Permitting the States to select competency based tests as described above may encourage implementation of programs that integrate basic skills training with occupational training and the consequent generation of additional data on the value of such combined training.

Initial National Standard

FNS' proposed standard for State performance is success by 25 percent of FSET participants who complete educational components. The basis for this standard is expert opinion in light of insufficient data on which to base a standard.[119] OTA concurs that there is a lack of data and supports the proposed standard. OTA also supports FNS' proposal to make adjustments for individual States in FY 1994 and

[118] Thomas Sticht, *Testing and Assessment in Adult Basic Education and English as a Second Language Programs*, Report prepared for the U.S. Department of Education, Division of Adult Education and Literacy, January 1990.

[119] 56 *Federal Register* 43174 (Aug. 30, 1991).

beyond if sufficient data become available to make such adjustments.

Calculation of Overall Performance

To calculate overall State performance, OTA supports FNS' proposal that each State be given a simple numerical rating-a 2 for outstanding, 1 for acceptable performance, O for unacceptable performance-for each of the outcome-based measures.[120] FNS defines acceptable performance as achieving the minimum performance standards (25 percent for job placements, $4.25 for average wages, 20 percent for food stamp case closures, and 25 percent success in educational improvements). FNS does not define ''outstanding' performance for these measures. OTA suggests that, in defining outstanding, FNS examine the 50th percentile of what the States achieved in recent years.

FNS proposes that the States not be required to be measured and ranked on educational improvements, but that they be able to win up to 2 extra points for outstanding programs. OTA would not distinguish between satisfactory and outstanding on this measure, allowing only 1 point. OTA would also exclude food stamp case closures from the measures and give extra weight (specifically, 1.5 times as much weight) for successful performance on the wage standard (e.g., a 3 for outstanding, 1.5 for acceptable performance, O for unacceptable performance). These ratings would be summed to give an overall rating for each State.

With four performance measures (three mandatory and one optional), and the above-mentioned rating scheme, FNS proposes to rate States earning less than 2 points as unsatisfactory, States with 2 to 4 points as satisfactory, and States with 5 or more points as outstanding.[121] Although OTA would only use two mandatory and one optional measure, OTA would, like FNS, require the States to meet the standard on at least two of the measures. Thus, OTA would rate States earning less than 2.5 points as unsatisfactory, States with 2.5 to 4 points as satisfactory, and States with 4.5 or more points as outstanding (See table 6).

FNS' proposed ratings would not affect funding for the first 2 years of implementation of the new standards. Instead, incentive funds ($15 million of the total $75 million in State grants) would continue to be awarded on the basis of the current, participation-based performance standards.[122] Congress recently (in Public Law 102-237, signed December 13, 1991) directed FNS to change the participation standard from 50 percent of mandatory participants to 10 percent of such participants, and achievement of the new 10 percent standard will determine incentive awards for the next 2 fiscal years. Beginning in FY 1995, FNS proposes to award the $15 million incentive funds on the basis of both State performance ratings and participation rates.[123]

Because the proposed performance measures (both OTA's and FNS') are only rough estimates of the effectiveness of State programs, OTA suggests that they not be used as the basis for financial rewards and sanctions. OTA recognizes that rewards and sanctions were mandated by Congress in the Food, Agriculture, Conservation and Trade Act of 1990 (Public Law 101-624). Nevertheless, Congress may wish to consider the possibility of using the new performance standards primarily to identify which States are in need of extra technical assistance and which States should be recognized with commendations or other nonmonetary rewards. Sanctions might then be reserved for persistent poor performance.

120 56 *Federal Register* 43188 (Aug. 30, 1991).

121 56 *Federal Register* 43183 (Aug. 30, 1991).

122 56 *Federal Register* 43188 (Aug. 30, 1991).

123 Ibid.

Table 6-Assessment of Overall Performance: Comparison of FNS' Proposed Rule and OTAsS Model Standards

Measure	FNS	OTA
Job placement	O points for unsatisfactory 1 point for satisfactory 2 points for outstanding	Same Same Same
Average wage (FNS) Quarterly earnings (OTA	O points for unsatisfactory 1 point for satisfactory 2 points for outstanding	Same 1.5 points 3 points
Food stamp case closures	O points for unsatisfactory 1 point for satisfactory 2 points for outstanding	Exclude this measure
Educational improvements	O points for unsatisfactory 1 point for satisfactory 2 points for outstanding	Same Same (Does not distinguish between satisfactory and outstanding in the first 2 years)

Formula for overall assessment

FNS	OTA
Job placement score+ wage score + food stamp case closure score + educational improvement score (if the State offers education)	Job placement score + wage score + educational improvement score (if the State offers education)
Unsatisfactory performance Less than 2 points	Less than 2.5 points
Satisfactory performance 2 to 4 points	2.5 to 4.5 points
Outstanding performance Over 4 points	Over 4.5 points

Section 5

Policy Options

As currently structured, FSET is not cost-effective. The taxpayers' costs to administer the program are offset neither by decreases in the food stamp rolls nor by increased income taxes from increased employment of food stamp recipients. The following two options, taken together or separately, might improve the effectiveness of FSET.

OPTION 1: MAKE FSET PARTICIPATION VOLUNTARY

There are at least two reasons to consider making FSET voluntary: 1) the mandatory aspects of FSET are only weakly enforced, and have little impact when they are; 2) volunteers might be more likely to complete and benefit from FSET.

As discussed in section 3, FNS has allowed the States to grant categorical and personal exemptions to about 30 percent of work registrants in recent years. The States were expected to either enroll or initiate sanctions against 50 percent of the remaining "nonexempt mandatory" participants. The large fraction of exemptions raises important questions about equity. Do caseworkers throughout the Nation follow uniform guidelines when deciding which medical and transportation problems are serious enough to warrant exemptions? Under the new proposal allowing the States to enroll as few as 10 percent of work registrants, these equity questions may become even more serious. The few work registrants who are required to participate may resent the others who are not required to do so.

There are two possible approaches to making the program more equitable while targeting it to a smaller group. If Congress wishes to keep the program mandatory, the States could use a simple queuing system, so that 10 percent of non-exempt mandatory participants were enrolled at any given time, while the others were on a waiting list. During their time on the waiting list, non-exempt mandatories would not face the threat of sanctions. Many—presumably those who are most employable--might find jobs and leave the food stamp rolls" without the need of FSET. Those work registrants who reached the top of the waiting list and were called in for an initial interview with an FSET counselor would face the threat of sanctions if they did not appear or if they subsequently dropped out of the program.[124]

A second approach would be to make FSET voluntary. Among those who are not exempt, the threat of sanctions appears to have little impact. During FY 1988, 34 percent of this group never appeared for their first interview with an FSET caseworker.[125] Many of these no shows as well as those who enrolled but later dropped out were able to cure their noncompliance through repeated phone calls, and continued to receive food stamps. Many local food stamp agencies—about one-third of those surveyed in FY 1988—reported they would "try anything to avoid sanctioning a client. ''[126] Even when a Notice of Adverse Action is sent out immediately, processing and required notification time result in very few food stamp recipients having their food stamps terminated. This is because the average work registrant is only on the food stamp rolls for 3 months, and it often takes 1 or 2 months before a registrant is denied recertification for food stamps.[127] Thus, sanctioned registrants frequently forfeit no, or only 1 month, of benefits.

Those who fail to comply with FSET requirements may do so for the very good reason that they can find a job without the program. Among work registrants deemed to be mandatory FSET participants in FY 1988, 56 percent of the no shows were employed 1 year after random assignment, compared to 51 percent of those who participated in FSET.[128]

The mandatory aspect of FSET derives from its origins in workfare. As an optional activity within FSET, workfare has never been very attractive to

[124] Daniel Friedlander, MDRC, Inc., personal communication, Nov. 25, 1991.

[125] Puma, et al., op. cit., footnote 15, pp. 6-8.

[126] Ibid., pp. 3-8.

[127] Charles Usher et al., "Long-Term Participation in the Food Stamp Program by WorkRegistrants, '' in Carole Trippe et al., *Food Stamp Policy Issues: Results from Recent Research* (Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service, 1990), p. 199.

[128] Puma, et al., op. cit., footnote 15, p. 6-26.

local FSAs[129] primarily because the relatively small value of the food stamp benefits received by most households requires creation of workfare jobs lasting only 7 or 8 hours a week.[130] However, the idea of equating required participation with the value of the food stamp benefits continues in the FSET program. As a result, participants are only required to spend only a minimal time--e.g., about 24 hours in the District of Columbia-in the program.

Despite its ineffectiveness, the mandatory aspect of FSET requires a great deal of administrative effort--40 percent of staff time in FY 1988. By comparison, employability assessments and direct provision of employment and training services accounted for only 18 percent of staff time.[131] Assigning the limited FSET funds to a smaller group of volunteers might be far more effective than the current approach of spreading the money thinly across **a** large group of participants and nonparticipants (who require administrative funds to be tracked and sanctioned).

Relying on volunteers need not result in State agencies creaming the most employable work registrants. By giving **extra credit** for job placements, wages, and educational improvements for the hard to employ, FNS could encourage the States to make extra efforts to attract HTE participants to volunteer.

Would anyone appear if FSET were made voluntary? OTA **notes that** during 1988, 150,000 food stamp recipients who were not required to participate did so. This is over half the number (240,000) who might be enrolled if the States choose to enroll only the new required minimum of 10 percent. It is approximately equal to a 6 percent participation rate. It would seem unreasonable to set a participation rate for **a** voluntary program. However, if this option were chosen, Congress and FNS might want to monitor participation to insure that it not fall to minimal levels. Over time, participation rates ought **to grow if the** States develop effective programs that are attractive to food stamp recipients.

OPTION 2: MERGE FSET INTO JTPA

To reduce administrative costs and increase direct provision of employment and training services, Congress could consider merging FSET into **JTPA.**[132] During FY 1988, three-quarters of all FSA's coordinated some or all of their FSET activities with JTPA. Some FSAs simply referred clients to JTPA, while others contracted for specific services such as employability assessments. Both types of arrangements require using limited Federal funds to support administrative costs of two separate agencies. And, for food stamp recipients, the simple fact of having to go to more than one office maybe discouraging. As one observer put it, ''the more disadvantaged the client, the more likely she or he will fall through the fissures of program fragmentation.''[133]

The National Commission for Employment Policy (NCEP), **a** presidentially appointed body, recently made a similar 'merge" recommendation to the President and the Congress. Following an extensive process of research and consultation **at the** Federal, State, and local levels, NCEP recommended **that** JTPA, JOBS, FSET, and all other federally funded employment and training programs aimed at disadvantaged persons be merged **into a** single Federal program operated by **a** single Federal agency. The rationale for the proposed reorganization included minimizing conflicting regulations, improving program management, reducing administrative costs, and enabling the "States to deal with fewer contact points in Washington. ''134

FSET was created in part because of concern that food stamp recipients were not receiving the **em**ployment and training services they needed from other agencies. Specifically, the State employment security agencies which administered the work registration program provided little assistance to work registrants and placed only **a very small**

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[129]By 1985, 4 years after workfare became available, only 19 out of 3,ooO local jurisdictions operated such programs. Center on Budget and Policy Priorities, *Food Stamp Employment and Training Resource Guide* (Washington, DC: 1986), p. 24.

[130]U.S. Congress, House Committee on Agriculture, House Report No. 955-464, p. 2301.

[131]Puma, et al., op. cit., footnote 15, p. ix.

[132]Another possibility would be to merge FSET with JOBS. This option is appealing because both programs are usually administered by the same State and local welfare agencies. However, as discussed in section 2, the clients served by JOBS differ from those served by FSET. The FSET clientele is more similar to that served by JTPA.

[133]Robert E. Friedman, "State Human Investment Policy: Just on the Horizon," *EntrepreneurialEconomy Review,* autumn 1990, p. 23.

[134]John C. Gartland, Chairman, NCEP, letter to the President, Sept. 30, 1991.

fraction (less than 10 percent) into jobs.[135] If FSET were merged into JTPA, would the same problem occur?

JTPA's previous performance standards, emphasizing maximum job placements at minimum cost, caused some local program operators to reduce services to welfare recipients, focusing on more employable people.[136] However, JTPA's new performance standards for program years 1990-92[137] are designed to increase service to the hard-to-serve and enhance long-term employability.

If Congress chose to merge the two programs,[138] it could encourage service to food stamp recipients through a contracting arrangement between USDA and the U.S. Department of Labor (DOL). The addition of FSET funds would add about 8 percent to JTPA's Title II-A budget, which DOL could use to serve an additional 8 percent of clients, or 96,000 food stamp recipients, assuming the JTPA Title IIa average cost of $1,646 per participant. There is a precedent for delivering employment and training services needed by other Federal agencies through DOL. In the National Defense Authorization Act for FY 1991 (Public Law 101-510, approved October 1990), Congress approved the transfer of $150 million from the Department of Defense to DOL to provide retraining and reemployment services to laid-off defense workers.[139]

The number of food stamp clients served under such an arrangement (96,000) would be much smaller than the 1990 figure of 1.35 million served by FSET plus about 120,000 served by JTPA. However, even if the programs remained separate, the new 10 percent participation standard can be expected to greatly reduce the number of participants in FSET to as few as 240,000 people.

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[135]Camil Associates, "Services to Applicants Required To Be Registered With the U.S. Employment Service," Report prepared for the Office of Policy, Evaluation and Research, U.S. Department of Labor, Employment and 'Mining Administration, Washington, DC, 1979.

[136]Dickenson, et al., op. cit., footnote 38, p. 194. Nationally, JTPA served welfare recipients in proportion to their representation in the eligible population in 1985; however, school dropouts wereunderserved and received little remedial education, and clients who were "less job ready" (including welfare recipients) received less occupational training than those who were more job ready. U.S. Congress, General Accounting Office, *Job Training Partnership Act: Services and Outcomes for Participants With Differing Needs* (Washington DC: 1989), p. 3.

[137]U.S. Department of Labor, Employment and Training Administration, "Notice of performance standards for PY 1990-1991," *Federal Register*, vol. 55, No. 72 (Apr. 13, 1990), p. 14016.

[138]A comprehensive national evaluation of JTPA, involving 30,000 individuals in control and experiment groups, is now underway. The results, expected in the summer of 1992, will be useful if Congress considers the possibility of merging FSET and JTPA.

[139]U.S. Congress, OTA, *After the Cold War: Living With Lower Defense Spending*, OTA-ITE-524 @ C : US. GPO, January 1