



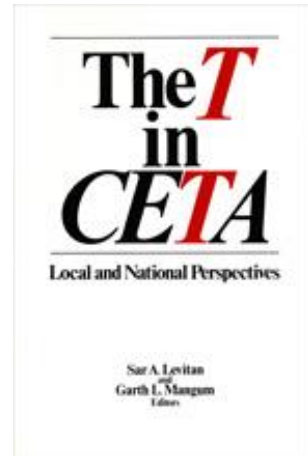
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## Baltimore, Maryland: The Reward of Sound Management and Planning

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*Youthwork, Inc.*



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# **Baltimore, Maryland**

## **The Rewards of Sound Management and Planning**

**Gregory Wurzburg**

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### **Introduction**

The most important theme to emerge in the last decade of evaluation and research centered on employment and training programs is that the nuts and bolts of delivery mechanisms can be as important as program design in determining the ultimate usefulness of labor market interventions. To be credible, an analysis of training programs needs to examine what happens as well as why and how it happens. This point has been driven home again in evaluations of labor market programs operated by local prime sponsors under the Comprehensive Employment and Training Act (CETA). The variations in outcomes between different training strategies that labor economics has taught us to expect have been swamped by variations in management styles and a host of environmental factors.

This evaluation of CETA training in the Baltimore Metropolitan Area Manpower Consortium attempts to analyze the context in which training is done and the relationship between that and the quality of training.

The Baltimore Metropolitan Area Manpower Consortium is almost legendary in the short history of CETA. It has a reputation for competence, effectiveness, and innovation. On closer inspection, this author finds some blemishes, but is convinced that the federal employment and training system has a showcase in Baltimore that offers some valuable

lessons for other CETA prime sponsors. Accordingly, this report does not consider details of every aspect of the prime sponsor's training operations. The scope of the description and analysis was narrowed where it was logical and did not jeopardize the important themes.

The report focuses on "adult" training, which is to be distinguished from training provided under separate CETA youth programs. Although the report recognizes the broad definition of "training" that Baltimore uses—a definition that encompasses almost every activity allowable under CETA—the main emphasis is on occupational skill training; the important exceptions are noted. Finally, the report looks primarily at only the consortium-wide programs, excluding certain smaller programs run within individual counties.

The author is grateful for the cooperation given by the consortium managers and the various service delivery staffs; it was essential. He is especially indebted to Marion Pines, Director of the Mayor's Office of Manpower Resources, and her staff—Mark Horowitz, Joel Lee, and Marguerite Walsh in particular.

## **The Prime Sponsor Area**

The Baltimore Metropolitan Area Manpower Consortium comprises Baltimore City and four surrounding counties: Anne Arundel, Carroll, Harford, and Howard. The prime sponsorship serves an area of about 1,646 square miles and a population of about 1.5 million. The population by jurisdiction was:

<b>Jurisdiction</b>	<b>Population</b>
Total	1,506,200
Baltimore City	789,700
Anne Arundel County	361,200
Carroll County	92,500

Harford County	146,200
Howard County	116,600

An estimated 12 percent of the population was eligible to receive CETA services in fiscal 1979. Nearly 8 percent of the population was receiving AFDC, state or local public assistance, and approximately 13 percent of the population in the area was from families whose income was less than the OMB poverty guideline. A quarter of the total population was nonwhite, while slightly more than half of the city's population was nonwhite. No figures were available for the Hispanic population.

### *The Economy*

The city of Baltimore and northern Anne Arundel County are heavily industrialized and Howard County is becoming increasingly developed with light industrial parks. Carroll, Harford and southern Anne Arundel Counties are still largely rural and mostly bedroom communities. The overall character and well-being of the economy, however, is a function of Baltimore.

It has experienced a renaissance in the last decade, thanks to creative and energetic local leadership and a massive infusion of federal money for mass transportation, urban renewal, community development and manpower development. It is no boomtown by sunbelt standards but in comparison to other large northeastern industrial cities, its economy has been doing well. Unlike those other northeastern urban areas, Baltimore's growth over the last 30 years has been steady and positive.

Baltimore's steady growth in labor market opportunities belies the dramatic shifts in the composition of the labor force, however. In the last thirty years, employment has shifted away from manufacturing towards more service and

government dominated occupations. This trend, which mirrors national patterns, is expected to continue.

### ***Political Governance***

The relationships among the different political jurisdictions comprising the Baltimore Metropolitan Area Manpower Consortium are fairly typical of the kind of relationships found in other CETA consortia. However, the institutional setting of the city's manpower operations, which is integral to the nature of the consortium's management, is atypical.

Baltimore City is the political hub of the manpower consortium. While the resources available through CETA are important to Anne Arundel, Carroll, Harford, and Howard Counties, the programs are not as visible nor are they of as much strategic importance to the local political decision-makers. Representatives of the counties participate on the advisory council to the consortium and are especially active on the council's steering committee. But, by virtue of the agreement under which the consortium was established at the inception of CETA, the counties grant a great deal of authority to the Mayor's Office of Manpower Resources (MOMR) in the day-to-day operations and in longer term planning and direct contact with the Department of Labor. Each of the counties receives a share of services and individual allocations from the consortium's pot of money. But, whether it is because the counties want to avoid the potential embarrassment of running CETA programs, or because manpower development simply is not high on their local agendas, the counties' manpower administrators and executives are willing to stay out of the limelight.

The consortium balance of power that has been dictated by the formal agreement of delegation of authority has not been without costs. Baltimore County withdrew from the

consortium at the end of fiscal 1979 after years of concern over equitable distribution of funds and disagreement over MOMR decisionmaking practices, strategies, policies, and programs. But so far, the other counties seem to be content with the status quo.

One question raised by the Baltimore Consortium's experience with the internal balance of political power is whether consortiums can work when more than one participating jurisdiction has an aggressive CETA agenda. Although MOMR staff argue that the views and policies of all jurisdictions are accommodated, Baltimore County's withdrawal from the consortium at the end of fiscal year 1979 indicates that there are limits to how well the consortium can accommodate more than one jurisdiction with clear ideas on how to spend CETA dollars. If this is true of other consortia, it certainly raises questions about the merits of independent consortium management relative to those models dominated by a single jurisdiction, and tradeoffs between interjurisdictional peace and strong leadership.

### *CETA Funding*

In 1979 only six other non-balance of state prime sponsors received CETA allocations exceeding the Baltimore Consortium. The consortium received a total of \$82,899,520 in new obligational authority under formula allocations and \$1,112,918 in discretionary funds. The consortium has also received more than \$42 million in obligational authority to operate a 2½ year guaranteed job program for in-school youths and high school dropouts living in certain areas of the city. Baltimore also receives money from the governor's office for individual referrals to programs outside the usual training network (Table 1).

**Table 1 CETA Funding for Fiscal 1979, Baltimore Metropolitan Area Manpower Consortium**

Source	Unspent from previous fiscal year	1979 New obligational authority	Unspent at end of fiscal year
Title IIA, B, C	\$2,293,110	\$16,368,046	\$2,664,729
Title IID	—	22,042,044	2,106,427
Title IV	1,735,563	4,683,551	982,981
Title VI	—	39,156,212	854,744
Title VII	0	649,667	544,734
Discretionary			
Governor's money	429,048	1,112,918	
Skill training and improvement program (STIP)	3,558,219	0	1,156,279
HIRE	756,105	0	488,696
Title IV—Youth incentive entitlement pilot project (YIEPP)		(a)	

a. \$42,826,314 total obligational authority through September 30, 1980; \$22,000,000 spent as of September 30, 1979.

## **Influences on CETA Operations**

Two sets of variables affect training policies and practices in Baltimore: those external to MOMR and beyond its control—mostly relating to governance—and those internal to MOMR and within its control—those relating to planning, development, and implementation.

### *External Factors*

Some of what is good about the Baltimore training operations could not be transplanted to other prime sponsors because it reflects a combination of governance arrangements that are rare, if not unique to Baltimore. Probably the single most important factor is the consortium's

locus of political power, which is based squarely in the city of Baltimore. MOMR, exercising administrative and representational powers liberally delegated by the four counties in the consortium, is most directly accountable to the mayor of the city of Baltimore, an activist committed to improving the quality of life in Baltimore. This works to the advantage of MOMR because Baltimore has a “strong mayor” system of government granting the mayor authority over all city agencies, including the public schools. The mayor also virtually controls the “independent” city agency responsible for approving all contracts. The mayor is interested in the employment and training programs and is not about to let them be subordinated to narrow political interest, and sees more political mileage in well-run programs. While the governance arrangements in the Baltimore consortium work to MOMR’s advantage, for sponsors where similar conditions of political control and accountability could never be achieved, this fact may simply underline the influence of politics on the effectiveness of CETA. Moreover, this very strength in Baltimore could also be its Achilles heel. MOMR operates at the pleasure of the mayor and his goodwill undergirds MOMR’s operations. But, just as MOMR has benefited from the good graces of what might be termed a benevolent despot, it could suffer badly at the hands of a less enlightened city leader. The enormous degree of flexibility which permits MOMR to capitalize on creative thinking and dynamic leadership could also lead to swift disintegration following a change in local political conditions.

The Baltimore area political environment’s influence on MOMR also highlights the tradeoff between organizational fluidity that permits rapid adaptation for good or ill and institutionalization that may rigidly preserve the good with the bad. MOMR’s organizational fluidity has served it well during its evolution. However, it is not so clear whether



MOMR's ability to change will make it resistant to the vicissitudes of the Baltimore City political agenda.

Other aspects of the governance arrangements also affect the stability of the Baltimore Metropolitan Area Manpower Consortium, although the relationship is not so clear. The consortium, which was set up at the inception of CETA, depends heavily on the Mayor's Office of Manpower Resources having a dominant central role. On one hand, Baltimore City's interest in participating in the consortium seems to be premised largely on MOMR's having the authority generously given it under terms of the delegation of authority agreement signed by consortium members. On the other hand, it is not clear how viable MOMR would be were it not for the resource base available to it, thanks to the consortium. In other words, the critical mass of administrative resources (staff, money, political discretion) have required a scale of operation that is feasible only with the involvement of other jurisdictions, which have been willing to give up administrative resources and a degree of authority over how "their" share is spent, in return for the savings and convenience of having someone else do the lion's share of the work associated with running CETA programs. This raises another question about the value of the consortium in Baltimore or any prime sponsor area, and the forces which hold it together.

Consortia have been encouraged by the Congress and the Department of Labor because it has been assumed that, though political jurisdictions are not necessarily conterminous with labor markets, federal labor market interventions would be more effective if they were. Creation of consortia are encouraged as a way, therefore, of encouraging delivery of CETA services on a labor market-wide basis. Economic theory, however, has not provided the glue to keep consortia together. Consortium bonuses and a readiness

on the part of some jurisdictions to sacrifice some degree of control for the sake of administrative convenience are just two factors that appear to be instrumental in holding jurisdictions together. The implication is that if national policymakers consider changes in consortium incentives, they should not underestimate the importance of either of these factors, especially the latter, in contributing to consortium stability.

The idea of the necessity of a “critical mass” of administrative capacity makes it more desirable for federal policymakers to rethink the system of incentives for forming consortia. Amendments to CETA have consistently increased administrative burden without always increasing the resources to shoulder that burden. Since the scale of much of that burden has not been related to size (all sponsors must establish independent monitoring units and meet the same reporting requirements, for example), economies of scale are likely within consortia. Lacking a dramatic reduction in administrative burden, federal policymakers might attempt to create more compelling incentives for jurisdictions to form consortia, or at least differentiate administrative burdens according to prime sponsor size. This might include, for example, scaled down or less frequent reporting requirements.

### *Internal Influences*

Many other variables internal to MOMR and under some degree of MOMR control are more instructive about what makes for effective prime sponsor training policies and practices.

*The MOMR Management Style.* MOMR’s style of control and policy is perhaps the most pervasive ingredient in MOMR’s overall operations: there is a reason for practically everything that is done and the way it is done. The planning, contracting, and general management procedures and the

organizational structure have evolved to serve particular purposes. When changes are made, results are evaluated. If they are not what was expected and are not wanted, more changes follow. Where there are unanticipated spillovers, they are considered and the original decision may be reevaluated. What is important is that a deliberative process is followed before decisions are made; there are procedures for executing decisions and there is follow-up to assure implementation and assess consequences.

*Management Amid Crisis.* The difficulties that prime sponsors encounter in planning are practically germane to CETA. Uncertainties and delays associated with authorizing legislation, appropriations, and publication of regulations all create a climate in which it is defensible and occasionally prudent for local administrators to make no decisions or defer them until the latest possible moment. MOMR must live with the same vicissitudes, but managers cope better than most other prime sponsors by preparing contingency plans and hedging bets. It is a riskier style of operation than the wait-and-see approach found in more conservative sponsorships, but it has the support of the mayor, no doubt partly because it has not yet led to any major calamities.

Yet MOMR is the exception that proves the point that uncertainty in the CETA system must be reduced. MOMR is able to cope only because of somewhat extraordinary staff competence, a supportive political environment, and probably, luck. Taking away any ingredient leaves a situation in which CETA can become a political liability that is tolerated, and whose damage is minimized by keeping it at an arm's length from the political center of power. To the extent CETA is used as a countercyclical tool, life for prime sponsors is likely to be as uncertain as the economy. But stability is possible in other areas—as observers have stated repeatedly—through multi-year funding for the non-cyclical

CETA activities and a greater sensitivity in Washington to the perils of playing “Crack the Whip” with changing regulations and budgetary brinkmanship.

*The Importance of a Local Sense of Direction.* Local control (and good management sense) is not enough, though. Another important factor in MOMR’s training operations is substantive policy content. MOMR’s sense of mission goes beyond either narrow political interests or compliance with the plethora of mandates from USDOL. Organizational goals and policies provide a frame of reference for interpreting mandates from both local and federal authorities. The Baltimore prime sponsorship does not have a reputation for being responsive to whims of the USDOL regional office because there are in-house agendas that also must be met. By the same token, the prime sponsorship has been able to withstand certain local pressures by countering them with well-articulated policies and procedures.

Not only are there *reasons* for resisting outside pressures, there are also means. MOMR is staffed and led in a way that encourages decision and policymaking on the basis of merit. Staff is enormously important in permitting this because it is well-qualified and experienced. Half the senior staff have worked together in the Mayor’s Office of Manpower Resources since before enactment of CETA. Individually they almost all have firsthand experience in administration, planning, and direct client services. There is fairly good stability at lower staff levels as well. The reasons given for the stability are interrelated and might be both causes and effects of stability; they include good morale, competitive salaries, opportunities for career development, and a sense of professionalism.

These are not the kinds of ingredients that can be transplanted readily to other prime sponsors. But they are worth noting because they go hand-in-hand with the kind of

institutional stability that is possible only over time and only in an accepting political climate. Federal mandates can help buy stability with stable funding. But to the extent the federal hand causes institutions to be out of step with local priorities, local political support is jeopardized, and with it, the opportunity for institutional continuity.

Aside from the style and philosophy of MOMR's management, other factors especially important in affecting the prime sponsor's performance include: what training is offered, who provides it, who receives it, and how those decisions are made; curriculum; job placement; and relationship with the Department of Labor (Table 2).

**Table 2 Enrollments for Fiscal 1979, Baltimore Metropolitan Area Manpower Consortium**

Source	On board Sept. 30, 1979	Cumulative new enrollment fiscal year 1979	Enrollees carried over from previous year
Title IIA, B, C	2,115	13,383	2,058
Title IID	3,519	4,646	654
Title IV	1,407	2,322	1,734
Title VI	2,978	4,882	360
Title VII			
Discretionary			
Governor's money	310 <sup>a</sup>	245	277
STIP	188	202	252
HIRE	73 <sup>a</sup>	109 <sup>a</sup>	45
Title IV—YIEPP	5,152	13,895 <sup>b</sup>	

a. As of September 30, 1979.

b. Includes enrollments since start of program in early 1978.

## Training Decisions

MOMR's training decisions revolve around three questions: what training is to be provided, who is to provide it,

and who is to be trained? At any one time MOMR offers training in roughly 25 occupational areas as well as in basic educational skills and job search/retention. The list of occupational areas has approximately doubled since the inception of CETA, partly in response to shifts in the occupational mix of the Baltimore labor force. The Skill Training and Improvement Program (STIP) and the private industry council (PIC) spending CETA Title VII money have been instrumental in permitting MOMR to extend the occupational skills repertoire into new and growing occupational areas by providing net new funds for training and increasing MOMR's contracting with for-profit training firms.

MOMR has expanded its training offering into higher technology occupational fields in response to changing labor market demand, a management philosophy that has encouraged flexibility, and federally imposed incentives which have encouraged training in occupational areas where placements are more likely. The continuing high placement rates experienced by MOMR trainees—usually exceeding 75 percent—reflect the quality of training programs' curricula and placement efforts. But the direction of change is necessarily requiring more highly qualified trainees. It also seems likely to be pushing MOMR more directly into a position of duplicating training offered by proprietary institutions. The increasing presence of such institutions as training subcontractors to MOMR bears this out. One implication of this trend is that if MOMR is not providing services that are unavailable otherwise, it becomes more important that MOMR assure that the services go to clients who might otherwise not receive them.

Another lesson from MOMR's experience is the importance of new money in producing change. Even in a system as flexible and receptive to new ideas as MOMR, the expansion of occupational offerings has been the product largely of new money. Net additional funds available under STIP,

Titles VI, and VII, for example, have provided the resources which have permitted new kinds of training without cutting back training in more established areas.

### *What Training is Needed?*

In deciding what training to provide, staff utilize the usual sources of labor market information such as the Employment Service and the Bureau of Labor Statistics to determine the occupational areas in which labor market demand justifies training. Another important source of intelligence on labor market conditions is the network of labor market advisory committees which represent, among others, employers, unions, and trainers. Those committees—one for each occupational area or clusterings of related occupational areas—advise on the nature of the market demand for new workers and the kind of training that is appropriate. Since the introduction of the Skill Training and Improvement Program (STIP) and the increase in private sector involvement through Baltimore's private industry council, changes in MOMR's offerings of occupational training have needed to be more open-ended to branch out into new occupational areas. To meet this need, MOMR has turned to rely increasingly on requests for proposals to stimulate new ideas from the training community, instead of approaching possible training contractors on the basis of a pre-established agenda.

Though federal pressures for greater use of requests for proposals were not a credible framework for justifying new policies (and different deliverers), it is not unlikely that the use of such open bidding processes can also ease the pressure for reconsidering established policies.

### *Who Should Train?*

MOMR contracts with private nonprofit, private for-profit, and government agencies (including community col-

leges) to provide training. There is no evidence of MOMR attaching a great deal of weight to the type of deliverer, *per se*, but because of certain other MOMR policies, the bias at the margin favors for-profit deliverers. In a machine skills program, for example, MOMR made a point of contracting with a private firm because it is a major employer in the Baltimore area. More generally, though, the bias favors for-profit deliverers because they dominate the training field in the newer, “high-tech” occupational areas into which MOMR is trying to expand.

From year to year, the choice of service deliverers is premised on the assumption that unless evidence based on MOMR’s performance indicates otherwise, trainers can be assured of continued business. The funding level is not guaranteed; but the assurance of continued funding at some level—contingent on satisfactory performance—helps build stability and continuity into the training infrastructure.

### ***Who Should be Trained?***

In certain respects the choice of who to train is given the most attention in MOMR. Enrollment in the occupational training program is selective; would-be trainees must meet entrance criteria for reading and math skills as well as some specialized criteria needed for particular training programs. MOMR takes pains to assure that the criteria are valid and relevant to the particular training regimen. But, in fact, between the criteria and the fact that trainers can screen out half of the qualified clients referred for training, the occupational skill training programs prove to be fairly selective in who they accept. Clients in the occupational skills training programs have higher levels of educational achievement from those in other activities and better work histories (measured in terms of length and wages of previous employment).



There are three reasons for the selective enrollment policies that MOMR practices in its occupational skills training programs. First, MOMR managers will not indiscriminately enroll anyone in skill training; would-be trainees cannot learn new skills if they are functionally illiterate, for example. Second, MOMR is selective because it uses performance contracting for most of its occupational skills training. When contractors are paid on the basis of absolute performance—placement of trainees in jobs—and not relative performance—gains in skill performance, for example—they have a compelling interest in “creaming” referrals to select the most qualified, motivated, and job-ready. The Department of Labor’s emphasis on absolute outcome measures reinforces MOMR’s performance standards. Third, MOMR’s willingness to be selective about who gets into occupational skills training also stems from its efforts to please employers, because such training is geared more to meeting employer needs than to meeting clients needs.

MOMR compensates for selectivity in the occupational skills training programs by referring some clients with low skill levels to PSE jobs that can impart skills. The rationale is that the PSE jobs have training content which, though less structured, is better adapted to the needs and capabilities of clients functioning at low levels of educational achievement. Other clients with low levels of educational achievement or barriers to employment are referred to job search/retention and basic educational training. But the clients referred to training other than occupational skills training clearly are at a disadvantage. MOMR’s own evaluations show that these clients do not fare as well as those going through the classroom training and on-the-job training. Moreover, MOMR has no systematic approach to channeling the lower achieving clients into occupational skill training, once they have had more basic assistance and are capable of learning more sophisticated job skills.

Though plans call for providing a sequence of activities for more MOMR clients, certain factors work against it. Both work experience and public service employment are now integral components in MOMR's overall training offerings because they are important developmental steps that provide progressively more structured training to clients needing the most help. Unfortunately, statutory restrictions on length of client enrollments in these activities prevent their use as one link in a long term training plan. Consequently, MOMR can offer only a limited sequence and duration of developmental services; this might be satisfactory for clients close to being job-ready, but it is likely to be insufficient for clients with multiple barriers to employment. Furthermore, the USDOL's use of per-enrollee and per-placement costs as the basis for evaluating costs favors minimization of those costs and hence discourages long term participation by the most disadvantaged clients.

MOMR's policies regarding what kinds of clients receive what kinds of services can be seen as a rejection of the popular assertion that CETA is for the worst-off. In fact, while MOMR's policies do not hew to the rhetoric associated with CETA, they are very responsive to the incentives and disincentives built into DOL's management of CETA. If the Congress and Department of Labor are serious about CETA serving clients with severe or multiple barriers to employment, both statutory and regulatory changes are needed to permit prime sponsors to choose between providing limited services to large numbers of eligibles, and providing more intensive services to smaller numbers. At a minimum, limitations on duration of participation must be relaxed when services are provided as part of a planned developmental sequence. At the same time, the basis for evaluating prime sponsor costs should be changed from per-enrollee to a per-period of service basis. Client outcomes should also be evaluated in terms of relative gains and not absolute outcome measures, as they presently are.

*'Twixt the Cup and the Lip: The  
Matter of Execution*

Planning in MOMR is more effective and useful than usual because it is articulated with operations. The top managers' experience in both functions has prevented "planning" from becoming an isolated function; plans are turned into a contract package which becomes the basis for negotiating services and monitoring deliverers' performance. This arrangement has more firmly institutionalized MOMR's past planning efforts to unify planning and program development in a way that forced program implications to flow from what otherwise could have been rather dry and abstract plans. Finally, MOMR's use of performance contracting creates a "market" for training program output; by making payment contingent on successful completion by trainees and placement in jobs, MOMR is able to reinforce the connection between planning and implementation.

It is hard to argue with the success of MOMR's planning and development practices. For that reason alone they deserve scrutiny. But they are also noteworthy because they are somewhat at odds with much of the conventional wisdom about what constitutes "good" CETA management.

First, MOMR's planning is mostly incremental, accepting previous policies and practices unless there are compelling reasons for changes. But the policy of minimal change does not reflect a lack of affirmative policymaking. Rather, it attempts economy of motion in a state of local CETA practice in which fine-tuning rather than massive overhaul is more appropriate. MOMR top management deliberately avoids an annual top-to-bottom review of all aspects of operations because it is felt that labor markets, contractor capacity, and resource levels will not change dramatically from year to year.

After the federal government's bad experiences with annual top-to-bottom planning under zero based budgeting, public administrators have learned that incremental planning does have some virtue. For example, the 1978 CETA amendments relaxed requirements that had required a complete annual plan from prime sponsors; now a more limited annual plan is submitted to indicate significant operational objectives and amend, if necessary, a more permanent master plan.

But MOMR's experience is not an unqualified endorsement of incremental planning. Rather, it indicates that incremental planning works when a sound, long term plan and underlying objectives are in place. A danger that both prime sponsors and DOL officials overseeing prime sponsors should be aware of is that incremental planning in a badly designed system can be nonproductive or counterproductive when it merely fine-tunes a dysfunctional system.

A second feature of planning in MOMR that is somewhat at odds with "good" CETA management is the lack of attention given to developing the advisory capacity of its planning council. The formally mandated planning council is not ignored, but the staff do not see it as a valuable institutional asset, and members of the council do not see it as the best forum for influence. MOMR has chosen instead to rely primarily on its labor market advisory committees and its private industry council as sources of input from outsiders. MOMR's network of labor market advisory committees predates CETA, although the number of occupational areas on which committees advise has increased. The advisory committees have served a number of valuable purposes. They have served as a means for corroborating information on labor market demand collected from more traditional sources (the Employment Service and the Bureau of Labor Statistics, for example) and as a source of information on

occupation-specific training and experience requirements for would-be workers. The committees also provide a forum for a number of community voices where they can advise on the issues in which they are well-versed. Finally, the committees provide a mechanism by which participants—private employers, in particular—can have a sense of ownership in MOMR's programs. Because of the success MOMR has had with its advisory committees, the Department of Labor's regional office has not been insistent about getting the planning council more actively involved. Although Baltimore's private industry council has not been in place for long, the PIC has effectively carved out an active advisory role for itself and is also assuming responsibility for private-public sector bridge activities.

Experience so far with the CETA advisory councils, documented elsewhere, clearly indicates that their role needs to be re-thought. Requirements for the councils were written into the law as a way of forcing state and local government officials to give voice to members of the community that might be ignored otherwise, and to create a channel for the flow of outside ideas for CETA officials to consider in planning and evaluating their operations. Yet analysts studying CETA have delivered a virtually unanimous verdict that the councils are ineffective relative to the time, effort, and resources invested in them.

MOMR's experience is instructive on two counts. First, it shows that in even a relatively well managed prime sponsor, an advisory council is of limited usefulness. Second, it shows that an outside advisory group representing a cross-section of interests can play a real and useful role in the context of a more structured decisionmaking environment.

The main lesson from Baltimore with respect to advisory councils is that, at the very least, Washington policymakers ought to permit a variety of advisory council models.

### ***Operational Components in MOMR***

MOMR goes to great pains to assure that there is a full range of training services to meet the range of client needs. Yet, though MOMR managers argue that client needs can be met by the range of services offered, other factors build in biases that can work against easy client access to services. Almost all the occupational skills programs and virtually all the job search/retention and basic educational skills programs are run on fixed cycles with pre-established starting and completion dates. MOMR's fixed curriculum approach is not costless. Managers point out that individual assistance is possible, but self-paced learning in the occupational skills program is not feasible on a full-scale basis. The fixed curriculum makes it all the more imperative that would-be trainees be screened to assure they have the requisite abilities to keep up with the training program. Furthermore, while fixed cycles and starting dates make it easier to manage the programs, it means that clients may have to be put "on hold" until a new training course starts. The fixed schedules also make scheduling participation in different programs more difficult. MOMR's job search/retention and basic educational skills programs are designed to accommodate more self-paced learning. They, too, have fixed starting dates and schedules for completion, but the curriculum is better adapted to meeting particular client needs and actual completion time varies from client to client.

To the extent MOMR and other prime sponsors may find themselves, in the future, under pressure to serve more severely disadvantaged clients, sponsors may find themselves trying to serve a less homogeneous clientele, making it less feasible to run fixed cycle training programs because the trainees will require a wider range of individualized attention and services. It is not possible to compare the merits of fixed cycle programs to open entry-open exit programs in

Baltimore because the latter are used in only a few cases of employability skills training. To better evaluate this tradeoff, Washington policymakers ought to determine whether fixed cycle training is more effective than open entry-open exit; if it is, any mandate to serve a wider cross-section of client needs ought to take account of changes in the cost-effectiveness of training.

Placement is another important feature of MOMR's training programs. The occupational training programs (including on-the-job training) have the highest placement rates of any of MOMR's employment and training activities, with about three-fourths of all trainees being placed. Placement rates for persons in less structured training activities, such as public service employment jobs, are lower, though still better than the national average. A large part of the success of the occupational training program can be attributed to the fact that placement is done using a "client-based" approach in which training program instructors and counselors—the people who know the trainee capabilities best—contact employers and develop jobs. This approach capitalizes on the extensive contact many of the skill trainers have with the employer community. Until fiscal 1981, clients in the other training activities (including those transitioning out of PSE jobs) were placed in jobs by means of a centralized job development and placement office that scoured the employer community for vacancies and then referred clients against those vacancies. Because it put distance between the job development and placement functions, that style of placement was not well-suited to "negotiating" with employers about bona fide job requirements, providing employers with an accurate profile of client skills and experience, or matching client and employer interests. Starting in fiscal 1981, all job development will be modeled after the client based approach used in occupational skills training programs.

MOMR's experience with job development offers important lessons to those prime sponsors struggling with finding jobs for completing trainees. MOMR has tried both a "client-based" approach that more fully accounts for client needs first, and a job-based approach that focuses on job requirements. It has found the former approach is more likely to keep both the trainees and employers hiring them happy. But MOMR has also capitalized on the access to the employer community that a broad spectrum of contract training institutions provides. This means that training deliverers should be judged not just on their training capacity but their likely access to the job market.

### **The Response to Changing Economic Conditions**

According to conventional economic theory the best time to do occupational skill training is during economic lulls, because the economy does not have to sacrifice production in the short run for increased future productivity. But in the world of CETA, the dictates of economic theory are swamped by the intrusions of a less than perfect world and the sometimes heavy hand of the U.S. Department of Labor.

Theory fails partly because MOMR (and other CETA prime sponsors) is training clients who are not likely to be sacrificing productive time to engage in training; they experience unemployment and underemployment even in the best of times. The premium that USDOL puts on placing trainees in jobs penalizes skill training during economic downturns. The effect of this factor would be mitigated if USDOL did not try to compress training and placement into a short period of time (within a year). But the time horizons for CETA prime sponsors as well as trainees in need of employment are necessarily short. MOMR evidence corroborates other evidence that trainees do not want to get in-



volved in long term training programs because they need immediate employment. MOMR avoids long contract cycles because of newly imposed limits on enrollment in work experience and public service employment—major components in many MOMR training programs. Because of the way the regional office enforces regulatory limits on carry-over from one fiscal year to another, MOMR is also limited in writing contracts that straddle fiscal years. Consequently, the natural preference is to steer training resources into short term training in occupational areas in which the *current* demand for new workers is strong.

In the opinion of observers, diversification of the Baltimore economy makes it more resistant to cyclical swings than most cities. When there is a softening of demand in certain occupational areas, MOMR responds by cutting back on training capacity in the affected areas and may relax the job placement goals that training deliverers must meet in order to get paid. For example, MOMR cut back on welding training when Bethlehem Steel, the largest area employer, began laying off workers. More recently, some of the building trades projects have encountered great difficulty in placing trainees in jobs, and are pressing for lower placement standards.

It is hard to use the effects of the last recession as a basis for judging MOMR's training policies during recessions because the organization has changed so much since then and because of the enormous build-up in public service employment that was also going on at that time. It is argued that the 1976-1977 build-up of public service employment diverted energies in MOMR away from gearing up training programs in anticipation of the economic recovery, and towards the more pressing problems of developing public service jobs and placing clients in them.

Because the CETA countercyclical programs so far have been in the form of increased job creation, the question of how much training MOMR would undertake with non-categorized countercyclical funds is largely academic, leading to more speculation than solid policy proposals. The question of what to do with expanded training funds (with no option to fund public service employment) is less academic, and there is specific MOMR experience as a basis for speculation.

Net new training money has had two identifiable effects in the Baltimore Consortium: stimulating new programs and spurring institutional change. One important determinant of the effects new money has is the pace at which it must be spent. For sudden surges of new money—like that occurring under the 1977 Economic Stimulus Act—the imperative is to spend quickly, leaving little opportunity for development. MOMR managers feel that the best contingency plan for this kind of new money is to rely on the training infrastructure already in place. This includes expansion of existing programs and start-up of new programs already “on the shelf” with much of the developmental work already done. This kind of expansion occurred recently when one of MOMR’s youth program allocations was increased and a limit was imposed on carry-out, thus forcing increases in spending rates. Under both the Skill Training and Improvement Program and the Private Sector Initiatives Program (Title VII), there was both more time and a mandate to broaden the local infrastructure. Under the former, institutional changes occurred in the form of new training contractors being added to the training infrastructure; in the latter, change occurred in the form of increased private sector participation in planning certain CETA activities.

MOMR managers would like to attempt expansion of upgrading and retraining. They feel that upgrading and retraining programs, where they work, can spur important

structural changes within corporate job ladders. Yet, in 1980 only 16 enrollees were served under Title IIC. Part of the reason for underutilization of Title IIC may be a slack economy. Retraining during a recession may be socially optimal, but it is not optimal at corporate-level profit centers. Underutilization of IIC probably also has much to do with the restrictive regulations governing it. MOMR managers feel that although Title IIC is intended to improve productivity through retraining and upgrading, the regulations thwart that purpose by restricting eligibility to clients in dead-end entry level jobs. Title IIC retraining is restricted to employees with bona fide layoff notices and little prospect for recall, circumstances in which employers are likely to have little interest in new skills. Furthermore, employers interested in government subsidies for retraining activities can get 50 percent of a new employee's wages paid for under an OJT contract, while they can get only 40 percent paid under IIC. Finally, IIC enrollments might require different intake procedures. Although some counties in the Baltimore Consortium rely on the employment service for intake, there is no systematized procedure in the counties, nor an intake system in the city, for identifying employees on layoff, or those in low level, dead-end jobs. These administrative impediments could be eliminated by MOMR. But the other problems associated with IIC and its accompanying regulations require action by the Congress and USDOL.

### **What Can Really Make CETA Work?**

Without a doubt, the single most important force driving MOMR is the organization's own sense of purpose. MOMR is a local creature serving a local agenda. If it could not, the political base in the Baltimore mayor's office and the surrounding counties would erode. But this has implications for the influence of the U.S. Department of Labor. The cases in which federal initiatives produced positive changes seem to

have been accompanied by net increases in funding. Both the Skill Training and Improvement Program (STIP, Title III) and the Private Sector Initiatives Program (Title VII) helped broaden the MOMR training infrastructure and introduce training in different occupational areas. But regulatory changes without additional money have, not surprisingly, been accepted grudgingly. The requirement for the independent monitoring unit, for example, while not far astray from certain MOMR interests in oversight, specified compliance in a way that produced some friction between MOMR and USDOL; that friction appears to have done nothing to improve the effectiveness of the IMU. Similarly, the idea of individualized development plans was not alien to MOMR, but the regulatory requirements for such plans were not readily compatible with (nor an improvement on) MOMR's own arrangements. Federal initiatives in this form are probably more objectionable simply because they limit MOMR's flexibility, while initiatives like STIP or PSIP may come with their own rules, but because they represent additional resources, increase MOMR's flexibility.

If the experience in Baltimore is to be instructive about anything, it is on the way Washington should view the relationship between the national agenda and the multitude of local agendas present in any federal grants-in-aid program. To the extent "CETA works" in the Baltimore area, it is not because MOMR is a handmaiden to the Department of Labor. Rather, it is because MOMR has a local agenda that is being pursued in a way that is compatible with the Department of Labor's own agenda.

Congruence between federal and local priorities is not necessary for CETA to be effective; compatibility is. The implications of this can be enormous. It means that, in fine-tuning CETA, the federal focus should be on: 1) helping prime sponsors develop a local agenda, and 2) evaluating any federal changes with respect to whether they increase or

decrease the ability of CETA to accommodate two sets of objectives. In the case of the first point, the Department of Labor and the Congress must be willing to move away from requiring plans that are uniform in format and respond only to the terms of the federal notions of what CETA should do. Prime sponsor plans should, for example, be able to legitimately incorporate institutional self preservation goals as well as service delivery arrangements that are mutually beneficial to both prime sponsors and other city government agencies. Plans and modifications could then be judged against the interaction of two sets of priorities, not just one set of federal priorities.

Obviously, this means that the Department of Labor needs to have the capacity to oversee individual prime sponsor operations carefully enough to evaluate individual prime sponsor plans in a way that accounts for the entire context of prime sponsor operations.

Unfortunately, the Department of Labor has been ill-prepared to do such a careful job. It has neither the needed number of staff nor depth of experience. Yet without that support only two courses of events seem possible.

In one course of events, the Department of Labor and the Congress could back off their agenda, letting prime sponsors do what they want with minimal regard for federal goals. In the other course of events, the federal establishment could steamroller over local priorities, squeezing them out as a consideration as the Department of Labor implements CETA. Under this approach, Washington would mandate cookie-cutter plans that would be the same for all prime sponsors.

The first case is tantamount to leaving money on the stump and running. The second case requires prime sponsors to serve as simple extension of the Department of Labor. Neither scenario is politically acceptable. But one or the

other seems likely if there is not a federal commitment to make the CETA partnership the symbiotic relationship it was intended to be.