

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

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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 I—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)
<b>Definition of terms</b>		
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.<sup>39</sup>

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.<sup>40</sup> 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.<sup>41</sup> However, given the Abt evaluation showing that broad distribution of very inexpensive employment and training

<sup>39</sup>56 *Federal Register*, 43157 (Aug. 30, 1991).

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

<sup>41</sup>Puma, et al., op. cit., footnote 15, p. 3-26.

services<sup>42</sup> 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.<sup>43</sup>

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.<sup>44</sup> 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 reme-



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.**

diation 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.<sup>45</sup>

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.<sup>46</sup> 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.<sup>47</sup> 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

<sup>42</sup>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.

<sup>43</sup>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.

<sup>44</sup>Puma, et al., op. cit., footnote 15, p. 3-30.

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

<sup>46</sup>Ibid., p. 87.

<sup>47</sup>The exceptions were West Virginia, a State with exceptionally high 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.<sup>48</sup> 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.<sup>49</sup> 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.<sup>50</sup> 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."<sup>51</sup>

**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.<sup>52</sup> 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.<sup>53</sup>

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

<sup>48</sup>1986 dollars.

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

<sup>50</sup>Judith M. Gueron, cited in *Manpower Demonstration Research Corporation: 1989 Annual Report* (New York, NY: Manpower Demonstration Research Corp., 1989), p. 27.

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

<sup>52</sup>Among a representative sample of 13,000 work registrants eligible for FSET in 1988, about half (53 percent) had had some employment in the year before 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.

<sup>53</sup>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,<sup>54</sup> 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.<sup>55</sup> 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 first 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,<sup>56</sup> 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 first 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.<sup>57</sup> 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.<sup>58</sup>

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.<sup>59</sup> 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).<sup>60</sup> 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

<sup>54</sup>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.

<sup>55</sup>56 Federal Register 43188 (Aug. 30, 1991).

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

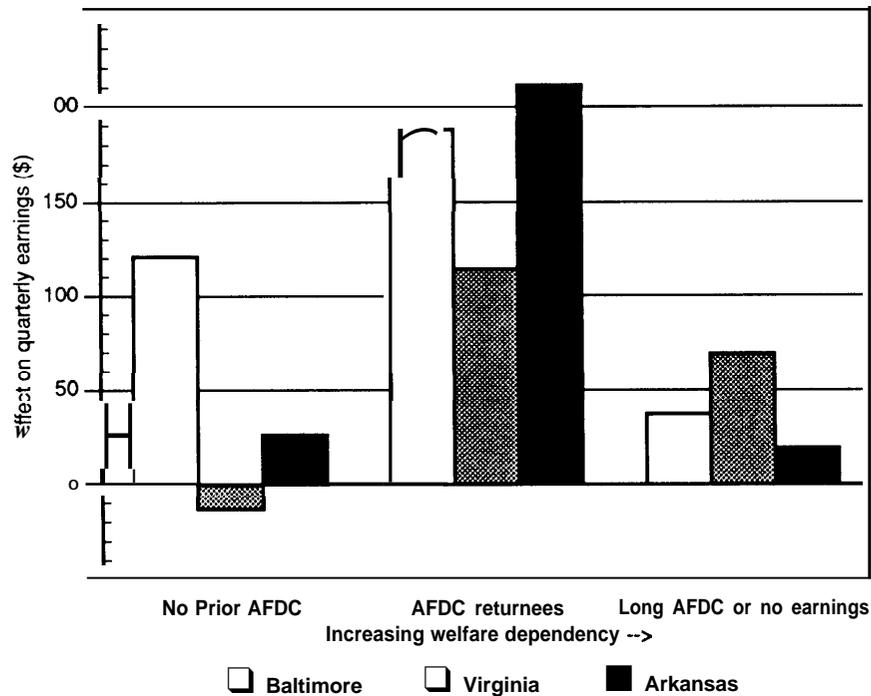
<sup>57</sup>56 Federal Register 43157 (Aug. 30, 1991).

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

<sup>59</sup>Daniel Friedlander and David Long, *A Study of Performance Measures and Subgroup Impacts in Three Welfare Employment Programs* (Washington, DC: National Commission for Employment Policy, 1987), pp. vii, xv.

<sup>60</sup>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.<sup>61</sup> To achieve self-sufficiency, this group may require remedial educa-

tion 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):

$$EER = (3 \times \text{no. HTE mandatory jobs}) + \text{no. NHTE mandatory jobs} + (0.5 \times \text{no. volunteer jobs}) / \text{HTE}$$

<sup>61</sup>Charles Uret 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.

**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 attention

SOURCE: OTA, 1992.

mandatory + NHTE mandatory + volunteer terminations.

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."<sup>62</sup> 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).<sup>63</sup> 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.<sup>64</sup>

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.<sup>65</sup>

**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.<sup>66</sup> 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-

<sup>62</sup>56 *Federal Register* 43158 (Aug. 30, 1991).

<sup>63</sup>Roberts T. Jones, "Training and Employment Guidance Letter No. 9-89, June 29, 1990," U.S. Department of Labor mimeo, Washington, DC.

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

<sup>65</sup>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.

<sup>66</sup>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."<sup>67</sup> 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. "Following FNS' approach to 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.

#### 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.<sup>69</sup>

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



weighting for 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.

performance standards for adult followup employment increased from 60 percent for program years 1988 and 1989<sup>70</sup> 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,<sup>71</sup> nearly three-quarters had annual incomes below 75 percent of the poverty line of \$7,500, as defined by the Office of

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

<sup>68</sup>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.

<sup>69</sup>56 Federal Register 43187 (Aug. 30, 1991).

<sup>70</sup>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.

<sup>71</sup>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 2 1/2 years after they were certified."<sup>72</sup> 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.<sup>73</sup> 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.<sup>74</sup>

#### 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.<sup>75</sup> 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."<sup>76</sup>

#### 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

<sup>72</sup>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.

<sup>73</sup>Zornitsky, et al., op. cit., footnote 64, p. vi.

<sup>74</sup>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.

<sup>75</sup>56 Federal Register 43171 (Aug. 30, 1991).

<sup>76</sup>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.<sup>77</sup> 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.<sup>78</sup> 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).<sup>79</sup>

### *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 termines and voluntary termines.

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.'"<sup>80</sup> Need for food

<sup>77</sup>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.

<sup>78</sup>U.S. Department of Labor, op. cit., footnote 18, 1991, p. 29.

<sup>79</sup>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.

<sup>80</sup>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.<sup>81</sup> 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<sup>82</sup> 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.<sup>83</sup>

### **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 terminees.<sup>84</sup>

This calculation measures the proportion of 'successful' participants among those who enter educational programs. Successful completion would be determined by the States,<sup>85</sup> 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.<sup>86</sup>

Education that can be counted toward the 64 hours must focus on "basic educational skills."<sup>87</sup> 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.<sup>88</sup> 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.<sup>89</sup>

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

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<sup>81</sup> Gueron and Pauly, *op. cit.*, footnote 51, p. 30.

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

<sup>83</sup>Ellen 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.

<sup>84</sup>56 *Federal Register* 43173 (Aug. 30, 1991).

<sup>85</sup>56 *Federal Register* 43159 (Aug. 30, 1991).

<sup>86</sup>56 *Federal Register* 43172 (Aug. 30, 1991).

<sup>87</sup>*Ibid.*

<sup>88</sup>56 *Federal Register* 43172 (Aug. 30, 1991). *Ibid.*

<sup>89</sup>56 *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.<sup>90</sup> In the 1988 Hunger Prevention Act, Congress added "educational programs or activities to improve basic skills" to this list of optional components.<sup>91</sup> The Food, Agriculture, Conservation, and Trade Act of 1990 inserts "and literacy" after "basic skills" in the phrase just quoted from the 1988 act.<sup>92</sup>

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,<sup>93</sup> 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.<sup>94</sup> 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.<sup>95</sup> 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.<sup>96</sup>

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,<sup>97</sup> half of those eligible for FSET had done so in FY 1988.<sup>98</sup> In a 1986 study of food stamp work registrants in job search demonstrations, average schooling was 10.5 years.<sup>99</sup> FSET participants are even less likely than the total population of food stamp recipients to have a post-high-school degree.<sup>100</sup>

<sup>90</sup>The Food Security Act of 1985 (Public Law 99-198), Title XV, Subtitle A, sec. 1517.

<sup>91</sup>The Hunger prevention Act of 1988 (Public Law 100-435), Title IV, sec. 404.

<sup>92</sup>The Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101-624), sec. 1726.

<sup>93</sup>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.

<sup>94</sup>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.

<sup>95</sup>OTA, *Worker Training*, op. cit., footnote 4, pp. 84-85.

<sup>96</sup>OTA, *Worker Training*, op. cit., footnote 4, p. 228.

<sup>97</sup>Michael Puma, Alan W. Foster, and Marie Hojnaki, *Evaluation of the Food Stamp Employment and Training Program: Report on Program Implementation* (Washington, DC: Abt Associates, Inc., 1988), p. 53.

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

<sup>99</sup>Brandeis University and Abt Associates cited in Abt Associates, *Report to Congress*, Dec. 16, 1988, p. 53.

<sup>100</sup>*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<sup>101</sup> compared to three-quarters of the general population over the age of 16.<sup>102</sup> 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.<sup>103</sup> 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.<sup>104</sup> 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.<sup>105</sup> Second, current data are inadequate to develop a baseline for a national standard against which educational improvement may be compared.<sup>106</sup> 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.<sup>107</sup> 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.**<sup>108</sup>—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.<sup>109</sup> 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.

<sup>101</sup>Ibid., p. 56.

<sup>102</sup>Ryscavage and Feldman-Harkins in *Report to Congress*. . . Ibid., p. 56.

<sup>103</sup>Puma et al, op. cit., footnote 15, p. 3-31.

<sup>104</sup>Gueron and Pauley, op. Cit., footnote 51, p. 40.

<sup>105</sup>6 Federal Register 43173 (Aug. 30, 1991).

<sup>106</sup>6 Federal Register 43172 (Aug. 30, 1991).

<sup>107</sup>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.

<sup>108</sup>6 Federal Register 43173 (Aug. 30, 1991).

<sup>109</sup>6 Federal Register 43173 (Aug. 30, 1991).

**Volunteers receive half credit.**<sup>110</sup>—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,<sup>111</sup> whether these similarities continue with the passage of years is not clear.<sup>112</sup>

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.<sup>113</sup> 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

<sup>110</sup>56 Federal Register 43173 (Aug. 30, 1991).

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

<sup>112</sup>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.

<sup>113</sup>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.<sup>1</sup> In 1990 nearly 764,00 persons took the examination and 431,225 passed and were thereby certified as high school equivalents.<sup>2</sup>**

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.<sup>3</sup> That number has risen to 16 percent today.<sup>4</sup>

**The GED examination consists of 290 items in five test areas: literature and the arts, writing, mathematics, science, and social studies. The examination 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.<sup>5</sup>

<sup>1</sup>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.*

<sup>2</sup>GED Testing Service, *1990 Statistical Report* (Washington, DC: American Council on Education, 1990), p. 2.

<sup>3</sup>Cameron and Heckman, *op. cit.*, footnote 1, p. 4.

<sup>4</sup>Janet Baldwin, American Council on Education, personal communication, Oct. 10, 1991.

<sup>5</sup>*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.<sup>114</sup> 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.<sup>115</sup>
- In “exemplary” programs, participants can improve one grade level in 50 hours.<sup>116</sup>
- 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.<sup>117</sup>
- 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

<sup>114</sup>Larry Mikulecky, Second *Chance Basic Skills Education, Indiana University at Bloomington, mimeo*, no date, p. 228.

<sup>115</sup>This is true with both military recruits and in large civilian programs. *Ibid.*, p. 226.

<sup>116</sup>Darling, 1984 in Mikulecky, *op. cit.*, footnote 114, p. 226

<sup>117</sup>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.<sup>1</sup> 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*).<sup>2</sup> Further, even highly literate men and women do not perform well with technical material on subjects with which they are unfamiliar, yet a low level of literacy may be 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.<sup>3</sup>

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.<sup>4</sup> 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<sup>5</sup> as well as to learn.<sup>6</sup> 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.<sup>7</sup> These differences probably contribute to the weak relationship between academic basic skills measured by standardized tests and job performance.<sup>8</sup>

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.<sup>9</sup> 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.<sup>10</sup>

<sup>1</sup>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.

<sup>2</sup>*Ibid.*, p. 8.

<sup>3</sup>Rosow and Zager, *Training—The Competitive Edge*, footnote 7, p.180.

<sup>4</sup>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.

<sup>5</sup>*Ibid.*, p. 2.

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

<sup>7</sup>*Ibid.*, p. 413.

<sup>8</sup>Delker, *op. cit.*, footnote , p. 4.

<sup>9</sup>Thomas G. Sticht, in Larry Mikulecky, *Second Chance Basic Skills Education*, Indiana University at Bloomington, 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.<sup>11</sup>

The results of the MSFP project 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 more 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 learning 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”).<sup>12</sup> 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.

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

<sup>12</sup>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.<sup>118</sup> 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.<sup>119</sup> 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

<sup>118</sup>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.

<sup>119</sup>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, 0 for unacceptable performance—for each of the outcome-based measures.<sup>120</sup> 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, 0 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.<sup>121</sup> 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.<sup>122</sup> 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.<sup>123</sup>

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.

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<sup>120</sup>56 *Federal Register* 43188 (Aug. 30, 1991).

<sup>121</sup>56 *Federal Register* 43183 (Aug. 30, 1991).

<sup>122</sup>56 *Federal Register* 43188 (Aug. 30, 1991).

<sup>123</sup>*Ibid.*

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

Measure	FNS	OTA
Job placement	0 points for unsatisfactory 1 point for satisfactory 2 points for outstanding	Same Same Same
Average wage (FNS) Quarterly earnings (OTA)	0 points for unsatisfactory 1 point for satisfactory 2 points for outstanding	Same 1.5 points 3 points
Food stamp case closures	0 points for unsatisfactory 1 point for satisfactory 2 points for outstanding	Exclude this measure
Educational improvements	0 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)
<i>Formula for overall assessment</i>		
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	