

Issues in Setting Performance Standards

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

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

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

Only 13 percent (3.7 million) of all food stamp recipients were classed as 'work registrants' in FY 1988, and USDA allowed the States to categorically exempt about one-third (1.2 million) of these from FSET participation. Categorical exemptions were allowed on the basis of geography (living in a remote

area lacking an FSET program) and for other reasons, such as being in a household with three or more children. The remaining 68 percent of work registrants (2.5 million persons) were considered 'mandatory' participants, and the states enrolled or sanctioned nearly half of these.

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

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

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

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

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

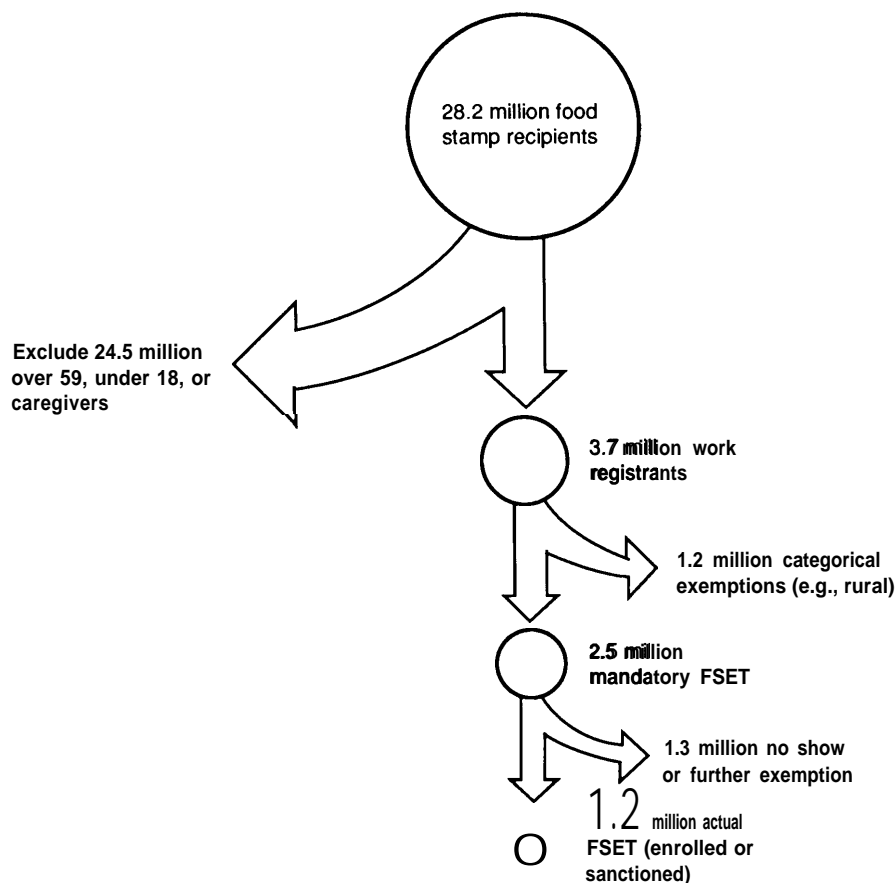
²² The Food Security Act of 1985 (Public Law 99-198), Title XV, Subtitle A, sec. 1517.

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

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

²⁵ Sec. 1753.

Figure 3-Food Stamp Recipients and FSET



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

SOURCE: OTA, using data for FY 1988 provided by FNS.

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

The authors of the Abt evaluation attributed the low impact partly to low participation levels. They

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

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

²⁷Ibid., pp. 6-8.

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

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

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

alone an insufficient basis for performance standards."²⁹

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

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

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

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

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

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

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

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

³²56 Federal Register 43164 (Aug. 30, 1991).

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

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

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

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

In addition to its high costs, use of control groups is impractical as long as FSET is, at least in theory, a mandatory program. For example, most work registrants in Los Angeles County are males who receive both State-funded General Assistance and food stamps. In return for these benefits, the State

requires them to work in unpaid public service jobs. All are expected to perform this service, and sanctions are quickly applied to those who refuse. For this food stamp agency, assigning every other work registrant to a control group which would not be required to perform workfare would be out of the question.

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

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

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

³⁴56 *Federal Register* 43153 (Aug. 30, 1991).

³⁵56 *Federal Register* 43164 (Aug. 30, 1991).

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

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

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