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# Legislative Budget and Finance Committee

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## REPORT ON A PERFORMANCE AUDIT OF THE PENNSYLVANIA JOB SERVICE

June 1988



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Report on a Performance Audit  
of the Pennsylvania Job Service

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## I. INTRODUCTION

A performance audit of the PA Job Service was adopted as a staff project at a meeting of the Legislative Budget and Finance Committee which was held on September 23, 1987. The purpose of this project is to assess Job Service efficiency and effectiveness, program results, compliance with applicable federal and state laws and regulations and the presence of appropriate administrative controls. Consideration has also been given to the potential benefits of possible alternative approaches to existing Job Service operations.

Initial "pre-audit" survey information was requested of the Department of Labor & Industry in early November 1987 and actual full-time preliminary survey audit activity began in early December with an entrance conference meeting between the LB&FC audit team and key staff contact persons within the Department and in particular the Bureau of Job Service. From early December through late February audit staff was involved in intensive information gathering and issue identification regarding Labor and Industry's Bureau of Job Service.

On March 16, 1988, an interim report on a performance audit of the PA Job Service was released at a meeting of the Legislative Budget and Finance Committee. The purpose of the interim report was to provide the Members of the General Assembly and other interested persons with information on the progress and status of our work. The interim report was intended to provide financial, programmatic and other descriptive statistical information on the PA Job Service and the Bureau of Job Service within the Department of Labor & Industry. A summary of potential audit issues which were identified by the auditors for attention during the "detailed audit" phase of the project was also presented.

This report of the Legislative Budget and Finance Committee on a performance audit of the PA Job Service presents conclusions, findings and recommendations on six issue areas including an assessment of Job Service employer and applicant services. Additionally, data developed by the auditors primarily from information provided by the Bureau is presented in the form of tables and exhibits for the purpose of supporting the various findings.<sup>1/</sup> Certain updated statistical information which was initially

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<sup>1/</sup>The auditors would like to bring to the readers' attention the Special Note included as a preface to the Employment Security Automated Reporting System (ESARS) Reports. The data presented in our audit report is, to a large extent, based on information contained in the ESARS. Therefore, the precautionary note is applicable to the data and accompanying tables contained herein.

SPECIAL NOTE: BASED ON THE METHOD OF REPORTING APPLICANT DATA IN ESARS, IT IS POSSIBLE FOR SEVERAL OFFICES TO REFLECT ACTIVITIES FOR THE SAME APPLICANT. CONSEQUENTLY, LOCAL OFFICE DATA IN SOME TABLES WILL NOT ADD TO THE REGIONAL TOTAL WHICH REFLECTS AN UNDUPLICATED APPLICANT COUNT. THE SAME REASONING HOLDS TRUE FOR REGIONAL TOTALS NOT ADDING TO THE STATE TOTAL WHICH ALSO SHOWS AN UNDUPLICATED APPLICANT COUNT ON A STATEWIDE BASIS.

prepared for the March 1988 interim report is also included in this report. Another report scheduled to be released by the Committee in September 1988 will present additional findings and recommendations regarding the PA Job Service.

This report document consists of seven sections: Section I provides introductory information; Section II consists of overall report conclusions; Section III provides the recommendations which resulted from the audit process; Section IV contains performance audit findings; Section V presents general background information on the PA Job Service; Section VI provides a description of the methodology used by the auditors in the conduct of this audit; and, Section VII consists of appendices to the report.

Development of this report was facilitated by the cooperation and assistance which was provided to the LB&FC staff by the Pennsylvania Department of Labor & Industry. The LB&FC staff expresses its appreciation to the Honorable Harris Wofford, Secretary of Labor and Industry, for his support of the audit effort. The LB&FC staff also acknowledges the assistance provided by Mr. Wendell Pass, Director of the Bureau of Job Service, Ms. Signe Bliwas, Director of the Special Programs Division, who is serving in a liaison capacity to the LB&FC staff during the audit, and Mr. William Mizzer, Employment Security Specialist. Appreciation is also extended to the many other officials and staff of the Department of Labor & Industry who continue to assist us during the audit effort. Likewise, appreciation is extended to legislative staff members, respondents to the LB&FC survey questionnaires, and representatives of the various interested associations and organizations with whom the LB&FC staff was in contact.

The LB&FC audit team assigned to this project worked under the direction of the LB&FC Executive Director, Richard D. Dario, and the Assistant Chief Analyst, Robert C. Frymoyer. The Team Leader involved in the development of this report was Patricia A. White, Senior Analyst. Chrystal L. Prosser, Analyst, and Martin D. Shoop, Junior Analyst, worked on this audit on a full-time basis. Patricia A. Berger, Staff Attorney, and Krista L. Williard, Paralegal, provided legal services and also assisted in the development of this report. Michael McKenna provided EDP services on a part-time basis. Beverly Brown, Shannon Opperman and Terry Beam provided secretarial assistance, and Charles V. Saia provided additional staff assistance in the development of the report.

Note: Any questions or comments regarding this report should be directed to Richard D. Dario, Executive Director, Legislative Budget and Finance Committee, Room 400, Finance Building, P.O. Box 8737, Harrisburg, PA 17105-8737.

IMPORTANT NOTE REGARDING RESPONSIBILITY FOR  
CONCLUSIONS, FINDINGS AND RECOMMENDATIONS OF THIS REPORT

This report contains information developed by the Legislative Budget and Finance Committee (LB&FC) staff. The release of this report by the LB&FC should not be construed as an indication that Members of the Committee necessarily concur with all the report conclusions, findings and/or the recommendations. The LB&FC as a body, however, supports the publication of the information within this report and believes it will be helpful to the members of the General Assembly by promoting improved understanding of the issues.

## II. OVERALL AUDIT CONCLUSIONS

Uncertainty and confusion exist regarding how the PA Job Service can be most effective in assisting Pennsylvanians to obtain jobs and Pennsylvania employers to obtain employees. This uncertainty is reflected in the current management and operations of the Job Service. The Pennsylvania program has undergone severe staff cuts in recent years and has been faced with overlapping activities by the Job Training Partnership Act (JTPA) offices and other public and private entities. The current administration is in the early stages of a substantial restructuring of the Job Service, including the development of Job Centers in some parts of Pennsylvania and an administrative reorganization.

The performance of the Job Service in terms of job placements of applicants was 15.7% in Program Year 1986, an increase over the period 1982-85 but a decrease of performance as compared to the period 1979-81 when it was consistently around 19%. The Job Service's rate of placement is highest for the younger applicants (15 years of age and under and <sup>16</sup> to 19 years old) and those that have less than a high school education. Most of the jobs filled through the Job Service are for persons who are willing to accept relatively low wages (55% of all jobs filled in Program Year 1986 listed wages of less than \$4.00 per hour).

Successful placement rates vary considerably among local Job Service offices and regions of the Commonwealth. During Program Year 1986, the Northeast region had the highest success rate among the regions at 19.6%. The Western and Northwestern regions were the lowest at about 13% and 12.3%, respectively.

Substantial variations also exist in the services offered to applicants at local offices. For example, many local offices have no counselors on staff and, therefore, offer little or no counseling services while other offices have counselors on staff and provide counseling to applicants. The Job Service has not been replacing counselors that leave and the future of counseling activity is unclear.

Similarly, the amount of testing by local offices varies greatly from office to office. According to Job Service officials, this variation results from local employer desire and availability of trained testing staff at some offices. For example, in the Northcentral region the percent of applicants tested in Program Year 1986 ranged from .94% to 19.8%. The level of other services to applicants, including referrals to supportive services and enrollment in training, also differs greatly from local office to local office.

The Job Service is funded via a tax collected from virtually all private employers, has no eligibility requirements and is available to serve all types of job seekers and employers. It is in fact, however, used most heavily by employers offering low paying jobs generally requiring basic

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1/Job Service officials have pointed out that a portion of their program is aimed at finding students summer employment.



skills and qualifications. This is a national concern which is receiving attention from the U.S. General Accounting Office (GAO) and the U.S. Department of Labor and has caused confusion over proper administration and focus.

As indicated in one national research study dealing with the Job Service, the program is suffering from "stagnation." The restructuring of the program currently underway in Pennsylvania is aimed at relieving this stagnation and changing the program so that it better interacts with the current job training/labor exchange environment. The restructuring is occurring without the benefit of legislative action and without a clear definition of the mission, function and activities of the Job Service. Also, this change in structure has not resulted from a broad based planning and development process and remains incomplete at least in regard to formal written definition, policies and procedures.

Pennsylvania does not have a modern, up-to-date statute or regulations pertaining to the Job Service. Pennsylvania's pertinent statutes are, for the most part, over 50 years old and reflect an outdated environment of tight federal control over the Job Service. Such close federal control has diminished in the 1980's, and greater control has been given to the states, opening the way for state legislative involvement. The absence of such involvement recently in Pennsylvania means that program direction is in the hands of state administrative officials without the benefit of legislative guidance. This situation is underlined by the fact that funding of the Job Service is exempted from the Commonwealth's established budgeting procedures and is not included in the Commonwealth's federal augmentation appropriations process thereby allowing budgeting and funding decisions to be made at the discretion of administration officials. There is clearly a need for greater state legislative involvement and for additional information to be made available to the General Assembly on a systematic basis.

The following section provides recommendations which call for state legislative input to the program and for correction of some of the other substantive program weaknesses as identified in the various findings set forth in this report.

### III. RECOMMENDATIONS

1. The Pennsylvania General Assembly should amend the Brumbaugh Act of 1915 in order to provide an up-to-date statute related to the Job Service. This new statute should provide basic guidelines and structure for the Job Service (in keeping with federal law) and should include among its provisions:
  - a. Recognition of the responsibilities of the Job Service in relation to training programs (such as the Customized Job Training Program, Job Training Partnership Act (JTPA), vocational rehabilitation and vocational education), private employment agencies, public assistance offices, veterans programs and local development groups formed for the purpose of aiding in job placement and related matters.
  - b. Establishment of an advisory committee for the Job Service to include members representing employers, labor, training groups, veterans groups, the General Assembly and the general public.<sup>1/</sup>
  - c. Requirements for the Job Service to be subject to the same budget and complement control approval mechanisms as other state programs, including<sup>2/</sup> subjecting Job Service funds to the annual appropriation process.
  - d. A requirement for the Department of Labor and Industry to promulgate state regulations and policy statements<sup>3/</sup> to provide specific definition and guidance to the Job Service.
2. Based on the statutes recommended above, the Department of Labor and Industry should spell out the role and purpose of the Pennsylvania Job Service and its relationship to other specific programs through development of the regulations and policy statements called for in item 1 (d) above. The Department should consult with the advisory committee alluded to above in the development of these regulations and policy statements.
3. Based on the regulations and policies recommended above, the Department of Labor and Industry should develop detailed management strategies, priorities and objectives for administration of the Job Service and, subsequently, implementation plans for these strategies, priorities and objectives. Among the specific tasks needed are:
  - a. Massive updating and reorganization of the administrative directives, memoranda, and operating procedures manual pertinent to the Job Service. The Department should establish a special task force to assist in this effort and should include representatives from the central, regional and local Job Service offices. Strong attention should be given to organizing the manual and related documents in a logical sequence with clear, topical groupings and cross references. Strong attention should also be given to maintaining the procedures manual in an up-to-date condition at all times.

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<sup>\*</sup>/See footnotes on page 8.

- b. An assessment of current staff resources and how personnel can be best organized to meet program priorities and objectives. Also required will be the development of a staffing allocation formula for the various field offices to ensure that staffing allotments are provided in accordance with program needs, available funding and implementation plans.
  - c. Establishment of specific plans and procedures (based on the overall management strategies and priorities) for the provision of testing, counseling, training referrals and other supportive services to clients (including, e.g., consideration of the establishment of designated testing and counseling centers to meet special, identified program priorities and needs).
  - d. Development of detailed procedures for interface between the Job Service and related entities such as the Private Industry Councils, Job Centers, private employment agencies, vocational rehabilitation offices, county public assistance offices, unemployment compensation offices and<sup>4/</sup> other offices with a common or related purpose to the Job Service.
4. The Department of Labor and Industry should establish performance indicators for all Job Service activities. Further, a system should be developed which would routinely measure the attainment of program objectives as shown by the performance indicators. Where the monitoring of performance indicators identifies a failure to achieve objectives, top management should have a system to determine the cause of the failure to meet objectives and possible remedies. The defined objectives and performance indicators should take into account the quality of job placements as well as percentage of placements. It should also measure performance in the areas of counseling, testing, veterans services, training referrals and any other specific areas identified as needed to meet program objectives.
  5. The Department of Labor and Industry should reinstitute a marketing plan for encouraging employers to participate in the program. In implementing this plan, the Department should develop an advertising campaign to acquaint employers with the available services. Also, specific objectives for obtaining employer participation should be developed for the offices responsible for this activity and attainment of these objectives should be a factor in the job performance ratings of the appropriate managers. A special effort should be made in developing this marketing plan to ensure that its content and objectives are in accordance with the policies and priorities of the Job Service as defined by the federal government, the Pennsylvania General Assembly and the Department of Labor and Industry.
  6. Each year, the Department of Labor and Industry should prepare and distribute an annual report. The report should include a statement of Job Service goals and objectives for the year as well as an assessment of the attainment of the goals and objectives. The report should also include a statement of Job Service available funding, expenditures and staffing levels. The report should be made available to members of the General Assembly and other interested parties.

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<sup>\*</sup>/See footnotes on page 8.

## FOOTNOTES FOR JOB SERVICE RECOMMENDATIONS

1/The Job Service has established Employer Advisory Councils which are made up of large and small companies of all types. There are over 2,500 employers participating in 70 groups which meet to critique the quality of service provided by the local Job Service offices. Additionally, a State Job Training Coordinating Council was established under the Job Training Partnership Act which has specific mandated responsibilities.

2/This would include amending the Unemployment Compensation Law to remove references to employment services (in other than a coordinating function), to specifically exclude Job Service Wagner-Peyser funds from the administration fund and to remove other references in that law to Wagner-Peyser funds. Additionally, amendments to the Brumbaugh Act should provide for General Assembly appropriation of Wagner-Peyser funds in accordance with the federal funds appropriation procedures established by Act 1976-117. The provisions of Section 214 of the Administrative Code, which establishes complement control procedures, should also be specifically applied to Job Service by the amendments to the Brumbaugh Act.

3/Regulations adopted by the Joint Committee on Documents were designed to clarify the elements of documents called "Statements of Policy" from documents called "Rules" or "Regulations." Statements of policy are defined as including guidelines and interpretations. Guidelines are defined as documents which announce the general policy an agency intends to follow in future administrative proceedings, but which do not provide fixed or inflexible rules which effectively circumscribe administrative choice. An interpretation is issued without reliance upon express or implied rulemaking authority, or issued by an agency which does not have rulemaking authority over the matters covered by the document. Examples include explanations of regulations and general rulings and interpretations of laws or regulations over which the agency does not possess rulemaking power. A rule or regulation establishes a standard of conduct which has the force of law whereas a statement of policy does not establish a binding norm to be finally determinative of the issues or rights to which it is addressed.

4/In the development of any such procedures, the Department of Labor and Industry should work in concert with the policies and activities of the Job Training Management Committee created by the Governor via an Executive Order on May 4, 1988. The Job Training Management Committee consists of the Executive Director of the Economic Development Partnership, who serves as the Chairperson, the Secretary of Education, the Secretary of Labor and Industry, the Secretary of Public Welfare and a State official appointed by the Governor and was established to oversee the coordination and development of job training programs.

#### IV. PERFORMANCE AUDIT FINDINGS

This section presents findings resulting from a performance audit of the Pennsylvania Job Service. The audit findings are divided into six subject areas. Information presented within a subject area is not intended to be all inclusive of the subject area.

Not all information in regard to matters Committee staff investigated is included as a formal finding in subsections A through F of this report. Only those items are included that are supported by information obtained and verified by the auditors and in which the elements of a finding have been addressed. In general, each finding will include the following elements: (1) condition (the problem), (2) criteria (measurement standard), (3) cause (underlying reason why condition occurred), and (4) effect (what resulted). Please see Section VI for a discussion of the specific methodology used in auditing the Pennsylvania Job Service.

A. AN EXAMINATION OF THE JOB SERVICE SUCCESS RATE

FINDING: An examination of the success of the Job Service in placing job applicants shows that for Program Year 1986 (July 1, 1986 to June 30, 1987) the Job Service placed approximately 15.7% of all persons registered with the Job Service as available for work during that period. This represents an increase from Program Year 1985 but a decrease in success from the period of the late 1970's and early 1980's. Placements were consistently in the 19% success rate area at that time. The decrease in successful placements in 1986 as compared to 1979 would not seem to be attributable to general economic conditions since the unemployment rate in 1986 was slightly better than it was in 1979. Please see Graph 1 which depicts the Job Service placement rate and statewide unemployment rate for the period of this analysis; Table 1 provides this data on a statewide and regional basis. Exhibit 1 also provides additional observations about Job Service placement and performance activities in relation to unemployment rates on a statewide and regional basis. One very noticeable difference in the operation of the Job Service at the present time as compared to the earlier dates is a reduction that has occurred since the early 1980's in Job Service staffing. Graph 2 displays the generally steady reduction in staffing that has occurred over the years. To demonstrate the difference in staffing levels, the Job Service had a filled staffing level of 1,949 in August 1980 (near the end of Program Year 1979) as compared to 988 at the end of Program Year 1986. This variation becomes more significant when comparing the staffing level to available applicants. In Program Year 1979 there were approximately 420 applicants per available staff person as compared to a ratio of over 900 applicants per staff person in PY 1986. The difference in this ratio is even more significant when the staff positions for the central and regional offices (mainly responsible for administrative duties and not directly related to applicant services) are excluded. The local office applicant/staff ratio was 479 to 1 in PY 1979 and over 1,000 applicants per local staff person in PY 1986. (Please see Graph 3 and Table 2 which provide information on statewide staffing ratios for PY 1979 to PY 1986 and regional staffing ratios for PY 1986, respectively.) Officials of the Job Service indicate that the staffing reduction is an important factor in the lack of comparable success of the Job Service at the present time from earlier years. Other possible reasons for a reduction in success based on the auditors observations may include: reduction in the number of local offices,<sup>1/</sup> changes in market conditions in cer-

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<sup>1/</sup>The number of local offices decreased from 92 in PY 79 to 76 in PY 86 which may impact on the accessibility of the offices for potential clients.

tain areas (unemployment), 2/ other program responsibilities,3/ and past performance by Job Service which may have impact on employers' use of the Service.4/ (Please see Exhibit 2 for selected comments from Job Service employees in relation to the Service's placement function.)

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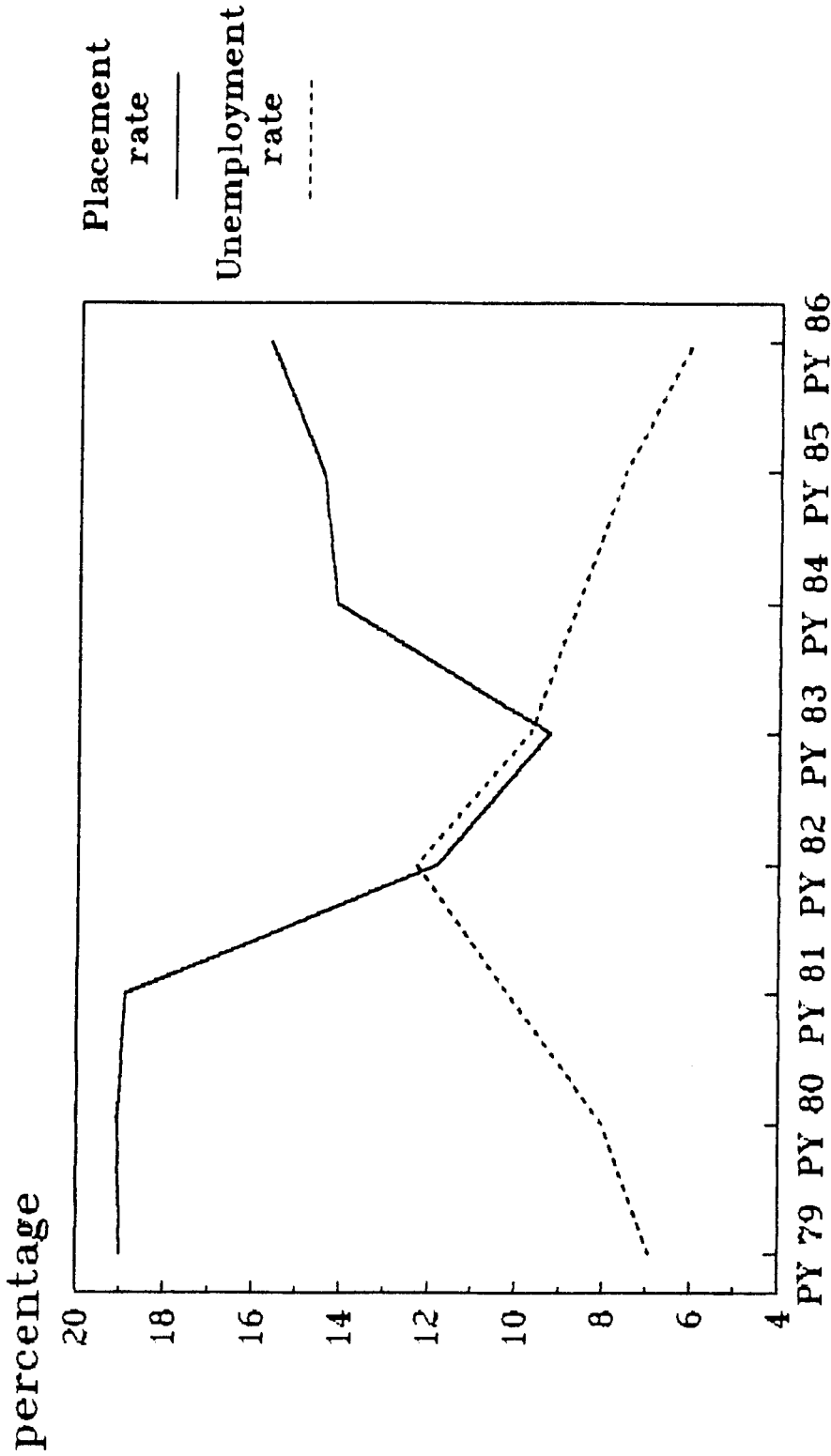
2/As noted on Table 1 for example, the unemployment rate in the Western region increased over 7% in a two-year period and since PY 82 has steadily declined.

3/Job Service staff perform certain activities for other programs such as Alien Certification thereby decreasing the amount of time available to serve applicants for potential placement.

4/It was suggested via one national study and confirmed through auditor contacts with Pennsylvania business representatives that the number of job orders listed with the Job Service is, in part, dependent upon the past performance of the program.

GRAPH 1

# Statewide Placement and Unemployment Rates Program Years 1979 - 1986



Placement	19.01	19.09	18.9	11.81	9.24	14.14	14.48	15.7
Unemployment	6.94	10.19	12.3	9.69	8.63	7.54	6.01	

Source: Developed by LB&FC staff based on data provided by the Department of Labor and Industry.



TABLE 1

Statewide and Regional Breakdown of Unemployment  
Rate and Placement Rate, Program Year 1979 - Program Year 1986

	PY	PY	PY	PY	PY	PY	PY	PY	PY	PY
	79	80	81	82	83	84	85	86		
<b><u>Unemployment Rate</u></b>										
Statewide.....	6.94	8.04	10.19	12.30	9.69	8.63	7.54	6.01		
Region 1 - Southeast.....	7.08	7.24	8.67	9.05	7.44	6.75	5.86	4.78		
Region 2 - Northeast.....	8.58	8.96	10.69	12.28	9.83	9.29	8.54	6.45		
Region 3 - Southcentral.....	5.75	6.29	8.05	9.43	7.01	6.07	5.25	4.13		
Region 4 - Northcentral.....	10.13	9.87	11.71	13.08	10.46	9.88	8.45	6.36		
Region 5 - West Southcentral.....	11.36	12.08	15.02	19.78	14.98	13.76	12.06	9.38		
Region 6 - West.....	7.42	7.77	11.27	15.43	12.28	10.57	8.95	7.32		
Region 7 - Northwest.....	8.55	9.00	11.53	16.13	12.31	10.07	9.34	8.16		
<b><u>Placement Rate</u></b>										
Statewide.....	19.01	19.09	18.90	11.81	9.24	14.14	14.48	15.70		
Region 1 - Southeast.....	14.62	16.77	14.24	10.31	8.28	13.89	13.63	15.46		
Region 2 - Northeast.....	19.67	20.82	24.91	16.16	12.95	17.56	18.07	19.58		
Region 3 - Southcentral.....	23.01	17.86	17.18	12.17	9.83	15.20	17.16	18.92		
Region 4 - Northcentral.....	20.70	18.04	21.04	14.43	12.86	18.31	17.92	18.49		
Region 5 - West Southcentral.....	19.09	18.04	18.45	11.82	7.33	11.62	12.19	13.79		
Region 6 - West.....	24.86	25.07	24.71	10.88	7.95	12.60	12.93	12.95		
Region 7 - Northwest.....	15.44	15.85	18.34	8.43	7.16	9.68	10.40	12.26		

Source: Developed by LB&FC staff from data provided by the Department of Labor and Industry.

## EXHIBIT 1

### Observations from Job Service Program Data Regarding Unemployment and Placement\*/ (Statewide and Regional)1/

- The statewide placement rate in Program Year 1986 was 15.7% of all applicants, the highest rate since 1981. It represents, however, a decrease from 1979, 1980 and 1981 when the placement rate hovered around 19%.
- The statewide placement rate dropped during the 1980s as the state unemployment rate increased and climbed again as the unemployment rate dropped. However, the 1986 placement rate of 15.7% was less than the 1979 placement rate of 19% even though the state unemployment rate was higher in 1979 than in 1986.
- Placements vary among regions of the Commonwealth with the highest (1986) placement rates occurring in Northeastern Pennsylvania (19.6%) and the lowest 1986 placement rates occurring in Western and Northwestern Pennsylvania (13% and 12.3%, respectively). The Western Region had the highest placement rates in 1979 and 1980, although one of the lowest rates in 1986.
- The total number of available applicants has gone up since PY 79, but the total number of placements has gone down. The overall placement rate has decreased - in PY 86 not one region placed over 20% of its applicants while in PY 79 three regions placed over 20% of applicants.
- The total number of Job Service applicants for PY 86 was 903,435 with (32% or 287,960) of the applicants being referred to a job and of the total number (15.7% or 141,800) being placed.
- The statewide unemployment rate was lower in PY 86 (6.01%) than it was in PY 79 (6.94%), but the job placement rate was 3.3% lower in PY 86 than it was in PY 79. For PY 86, placement rates for the West Southcentral, Western and Northwest regions were below the state average, while rates for the Northeast, Southcentral and Northcentral regions were above the average with the Southeast region being just about the same as the state average.
- In Southeast PA, the unemployment rate for PY 86 (4.78%) was lower than it was in PY 79 (7.08%) with the placement rate higher in PY 86 (15.46%) than PY 79 (14.62%).
- In PY 86, Northeast PA had a lower unemployment rate (6.45%) than in PY 79 (8.6%) and the placement rate for PY 86 stayed about the same (19.58%)

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\*/Developed by LB&FC staff based on Department of Labor and Industry information.

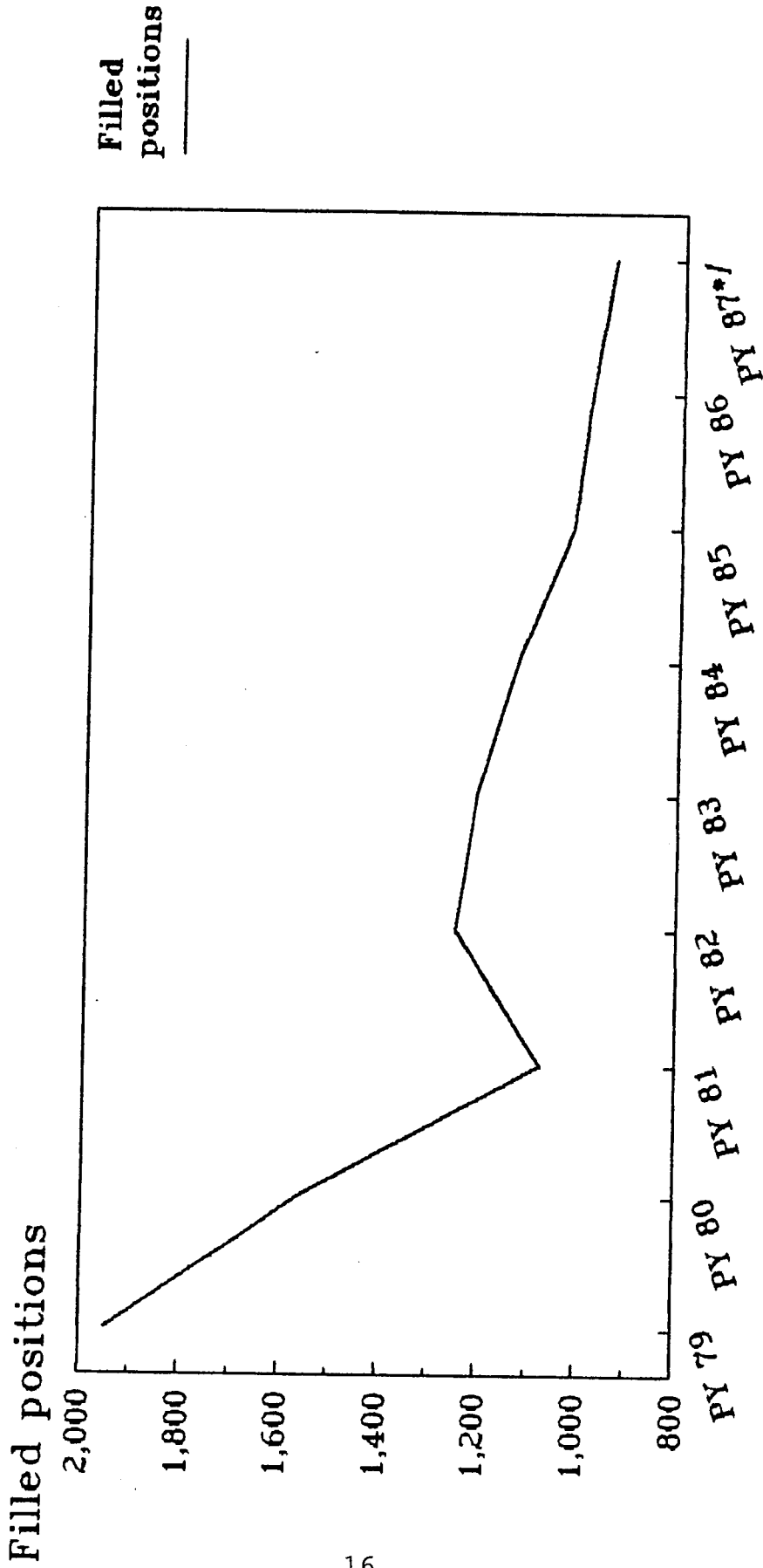
1/Please see Appendix A for a map of the regions.

EXHIBIT 1

Observations from Job Service Program Data  
Regarding Unemployment and Placement  
(Continued)

- as PY 79 (19.67%). The Northeast area had the highest placement rate for PY 86 of all the regions compared to ranking fourth in PY 79.
- For the period PY 79 to PY 86, Southcentral PA generally maintained the lowest unemployment. This Region's placement rate was second highest in PY 79 (23.01%) and in PY 86 (18.92%).
  - The unemployment rate for Northcentral PA was down 3.7% in PY 86 from PY 79. The unemployment rate for PY 86 (6.36%) was the third lowest for all regions while in PY 79 at 10.13% it was ranked as second highest. The placement rate in PY 86 was 18.49% (3rd highest in state) and was down from the placement rate of 20.70% in PY 79. The unemployment rate for PY 86 was approximately the same as the state average but the placement rate was 3% higher than the statewide average.
  - West Southcentral PA continues to have the highest unemployment rate in the state. In PY 79, the placement rate (19.09%) was about the same as the statewide average and in PY 86 (13.79%) was 2% lower than the statewide average. The placement rate in West Southcentral PA was 5.3% lower in PY 86 than it was in PY 79.
  - The unemployment rate for the Western Region (7.32%) was about the same as it was in PY 79 (7.42%). The placement rate for PY 79 (24.86%) was highest in the state, and in PY 86 (12.95%) the placement rate dropped to 6th out of the seven regions (about half what it was in PY 79). The Western region placement rate in PY 86 was below the state average by about 3% and the unemployment rate was above by about 1%.
  - Total applicant per staff ratios on a statewide basis have generally been on the increase since PY 79 except for PY 83 when the ratio decreased to 754 applicants per local office staff from 891 in PY82. The ratio increased again in PY 84 to 950 which was a greater ratio of applicants to local staff than in PY 82.
  - In PY 86 the ratio of total applicants to local staff ranged from 818 in the Northeast region to a high of 1251 in Northwest PA.

# Job Service Filled Positions Program Years 1979 - 1987 \*/ Statewide



\*/Information for PY 87 is as of March 31, 1988.

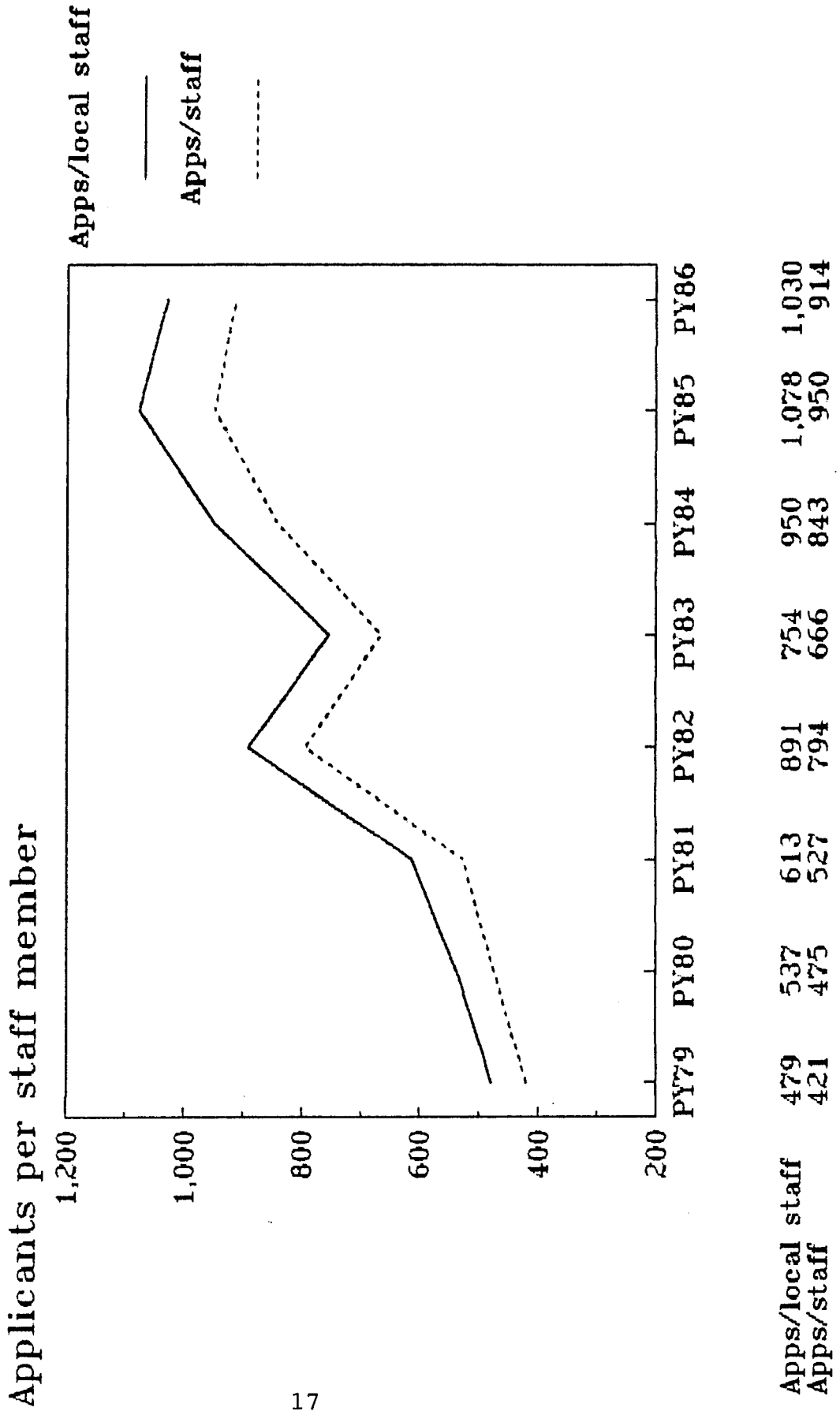
Source: Developed by LB&FC staff based on data provided by the Department of Labor and Industry.

GRAPH 3

# Ratio of Applicants to Staff

## Program Years 1979 through 1986

### Statewide



Source: Developed by LB&FC staff based on data provided by the Department of Labor and Industry.

TABLE 2

Regional Breakdown of Total  
Applicants by Local Staff  
and Related Ratios, Program Year 1986

<u>Office</u>	<u>Filled June 1987</u>	<u>Available PY 1986</u>	<u>Applicants/Staff June 1987</u>	<u>Placement Rate</u>
Region 1 (SE PA).....	220	244,155	1,109.80	15.46
Region 2 (NE PA).....	165	135,021	818.31	19.58
Region 3 (SC PA).....	93	76,277	820.18	18.92
Region 4 (NC PA).....	58	57,221	986.57	18.49
Region 5 (WSC PA)....	83	101,479	1,222.64	13.79
Region 6 (W PA).....	194	224,508	1,157.26	12.95
Region 7 (NW PA).....	64	80,070	1,251.09	12.26
LOCAL OFFICE TOTAL...	877	903,435	1,030.14	15.70

Source: Developed by LB&FC staff from data provided by the Department of Labor and Industry.

## EXHIBIT 2

### Selected Edited Comments from Job Service Employees Regarding Job Placement Activities and the Provision of Other Services and Programs

#### Comments Related to Job Placement Activities

- ... office continues to allow interviewer to concentrate on job placement ... as number one priority.
- ... majority of the employees work toward a common goal ... job placement.
- ... staff are dedicated and knowledgeable when they are permitted to do their job ... put people into jobs ...
- ... too much emphasis on placement count ... too little emphasis on testing, counseling, etc. ...
- ... emphasis on placement quantity rather than quality ...
- ... lack of adequate time to carry out placement functions.
- ... placement pressure often results in the referral of unsuitable applicants ...
- ... assigns responsibilities unrelated to our primary goal ... placement ...
- ... ES supervisor allows for concentration on placement although there are a lot of interferences in the process ...
- ... too concerned with the numbers game ... services are lost or missed just to get the count.
- ... placing qualified applicants in suitable jobs ... providing information to applicants and employers concerning programs ...
- ... service employers with best qualified applicants ... not so much emphasis on trying to place unemployables.
- ... intended purpose of JS is to assist unemployed and/or underemployed locate and secure a job, assist in training, etc.

#### Comments Related to Providing Other Services

- ... attempt to be all things to all individuals ... JS should concentrate on job placement ... should refer job training to JTPA ...
- ... unable to place or service applicants that need more than minimal preparation ... vocational counseling is non-existent ...
- ... too many programs that are unrelated to referral or placement ...
- ... trend towards separating most important goal, job placement, from ... auxiliary programs ...
- ... less emphasis on counseling and more on placement ... many other agencies that counsel.
- ... placement ... should be doing more counseling ...
- ... job placement of qualified applicants, first ... then counseling, testing and referrals to training of applicants who need it ...
- ... free employment interviewing, testing, counseling and placement for those who cannot afford private agencies and/or whose skills are not attractive to such agencies ...

## EXHIBIT 2

### Selected Edited Comments from Job Service Employees Regarding Job Placement Activities and the Provision of Other Services and Programs (Continued)

- ... Quality services for applicants such as job search workshops, testing and job developments, commitment of staff to ensure applicants are afforded all available services.
- ... JS provides a service to individuals seeking employment, training information, counseling, testing, etc....
- ... providing more and more services ...not just placement but providing other valuable services.
- ... to provide services and employment (in that order) to individuals.
- ... primary purpose of JS is to assist unemployed persons ... interviewer should determine if applicant needs other services prior to undertaking the job search.

#### Comments Related to Other Programs

- ... operation of programs that seem remotely related to the basic labor exchange function ...
- ... handle too many programs to the extent we don't really do any of them well but are expected to be experts in all of them;
- ... get bogged down with time consuming projects and programs that deter from job referral activities.
- ... operating too many programs in addition to job placement ... trying to be all things to ALL people.
- ... major weakness is current trend toward specialized programs ... interviewers are so busy trying to meet other goals that primary goal of placing applicants seems secondary ...
- ... too many programs not related to placement...
- ... fragmentation of primary mission (job placement) by adding responsibilities of other federally mandated programs ... erodes the placement interviewers available time ...
- ... inability to establish JS identity as primarily a labor exchange ... burdened with too many programs ...
- ... required to administer too many programs ... too far away from our main priority ... placing people in jobs.
- ... too many other programs compete with our main function of job placement ...
- ... primary purpose is placement of applicants ... however, much time is consumed with certification programs ...
- ... eliminate all activities that detract from JS basic mission (placement of job ready applicants) ... stop trying to marry JS with JTPA (training non-job ready)... objectives are not compatible ... ultimate objective is the same - employment ...

Source: Respondents to an LB&FC administered questionnaire to Job Service employees.



B. HIGHLIGHTS OF JOB SERVICE APPLICANT, JOB OPENING AND JOB PLACEMENT INFORMATION

**FINDING:** Most persons who obtain jobs through the PA Job Service receive jobs scheduled to pay at or near the minimum wage. A total of 54.5% of the job placements during Program Year 1986 were for jobs with a scheduled pay of less than \$4.00 per hour.<sup>1/</sup> Graph 4 illustrates the ratio of openings received and filled by listed wage rate for PY 1986; Table 3 provides this information for the past three Program Years. Accordingly, many of these jobs require only low skill levels. On a percentage basis, in fact, the Job Service performs best when locating jobs for persons who are 15 years of age or under and for persons with less than a high school education.<sup>2/</sup> (Graphs 5 and 6 and Tables 4 and 5 compare applicants available, referred and placed by age and educational level for PY 1986 and the last 3 program years, respectively. Please also see Exhibit 3 for additional information about the Job Service regarding age, education and wage rates.) While a job of \$4.00 per hour or less may be welcomed by some unemployed individuals who are unable to obtain other work, such a low paying job may be of somewhat questionable value to the individual that has to support himself or herself or a family<sup>3/</sup> and is also at odds with the current goals of the Department of Labor and Industry as set forth in its "Employment and Training Plan for the period July 1, 1988 through June 30, 1990." This plan indicates that "...the first goal of the Department of Labor and Industry is to organize its employment and training activities to enable the greatest number of economically disadvantaged individuals as possible to obtain permanent full-time employment with a wage that adequately supports a family." A similar theme was contained in a statement of "planning guidelines" for Program Year 1987 that was distributed to all regional directors of the Job Service by the Department of Labor and Industry's Deputy Secretary for Employment Security in June 1987. This document indicated that, "During the past year there has been an increased

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<sup>1/</sup>According to a Department of Labor and Industry report, the average hourly earnings in Pennsylvania Standard Metropolitan Statistical Areas for manufacturing production workers in Pennsylvania for 1986 was \$9.74 and ranged from \$8.03 in the State College area to \$11.68 in the Beaver County area.

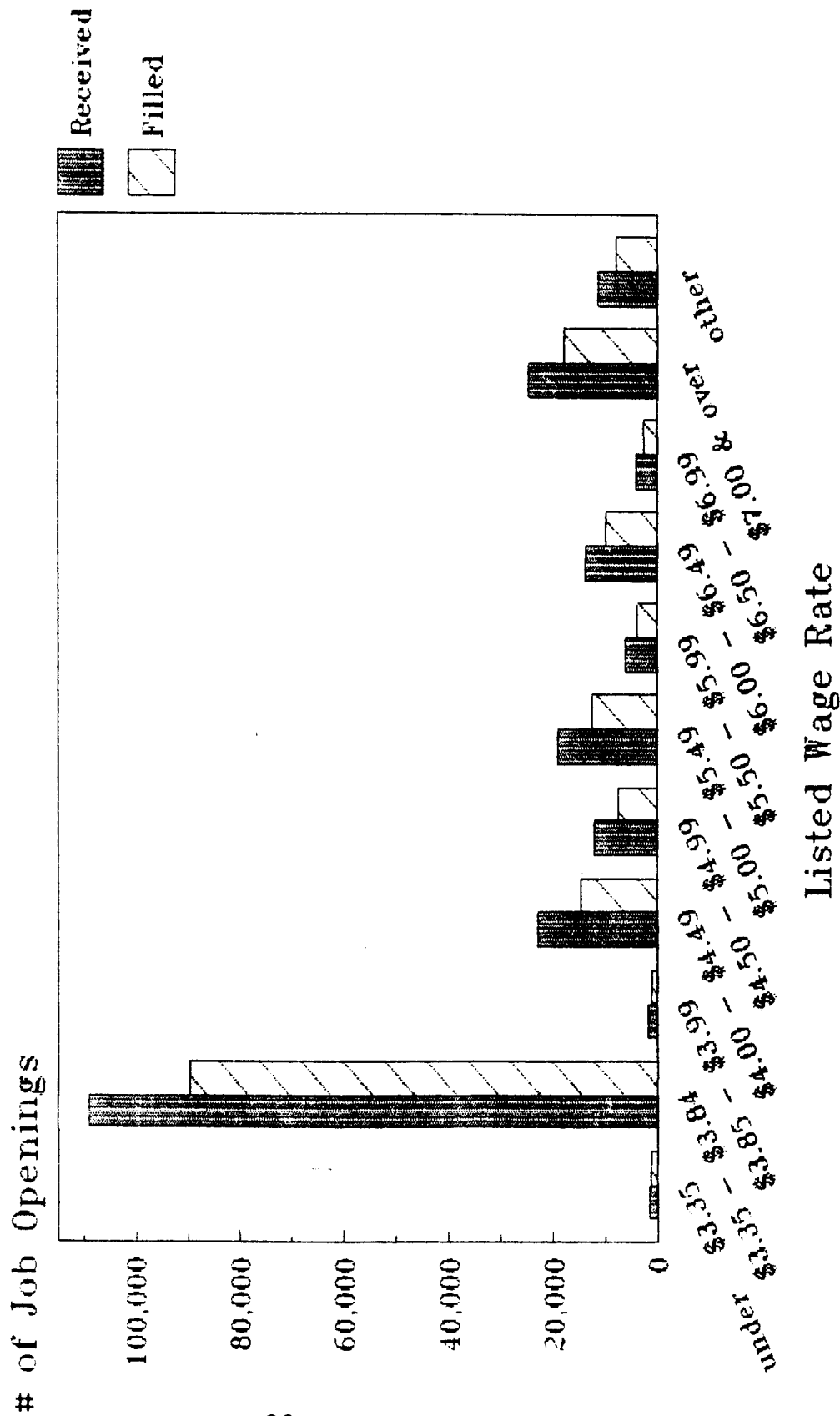
<sup>2/</sup>It was reported that this phenomenon may be due, in part, to youth applicants which may have a positive impact on placements because of summer jobs. Additionally, it was noted that claimant applicants may have a negative impact on placements because of the possibility of a recall to former jobs and because of demonstrated experience leading to expectations of higher paying positions.

<sup>3/</sup>A \$4.00 per hour job equates to \$8,320 per year based on a 40-hour work week. According to the Department of Public Welfare, the poverty level in Pennsylvania for 1987 was considered to be \$5,500 for a family of one and \$9,300 for a family of three.

interest in the quality of placement in all Employment and Training Programs, including Job Service, on both a national and state level. The term 'quality placement,' however, has not been universally defined. During [Program Year] 1987 Job Service will be looking very carefully at developing a definition for this term. Such items as how long a person is retained on a job following placement, the wage rate at the time of placement and skill level of the job will be considered. A number of groups at the local, regional and central office level will be involved in this process. [The Department] foresee[s] that in [Program Year] 1988 there will be one or more quality placement goals for local offices included." Despite these plans as stated in June 1987, however, progress has not been made in this area. Specifically, a clear definition of "quality placement" has not been developed, and quality placement goals for local offices are reportedly not a part of the performance goals structure being established by the Job Service for Program Year 1988. Comments received by the auditors through a questionnaire administered to a sampling of Job Service participants indicate certain dissatisfaction with the types of jobs and the pay levels which the Job Service was able to offer them. For example, one respondent indicated that usually underpaid, unskilled positions are offered while others commented on the part-time nature of the job offers. (Please see Exhibit 4.)

GRAPH 4

# Job Openings Received and Filled by Listed Wage Rate Program Year 1986



Source: Developed by LB&FC staff based on data provided by the Department of Labor and Industry.

TABLE 3

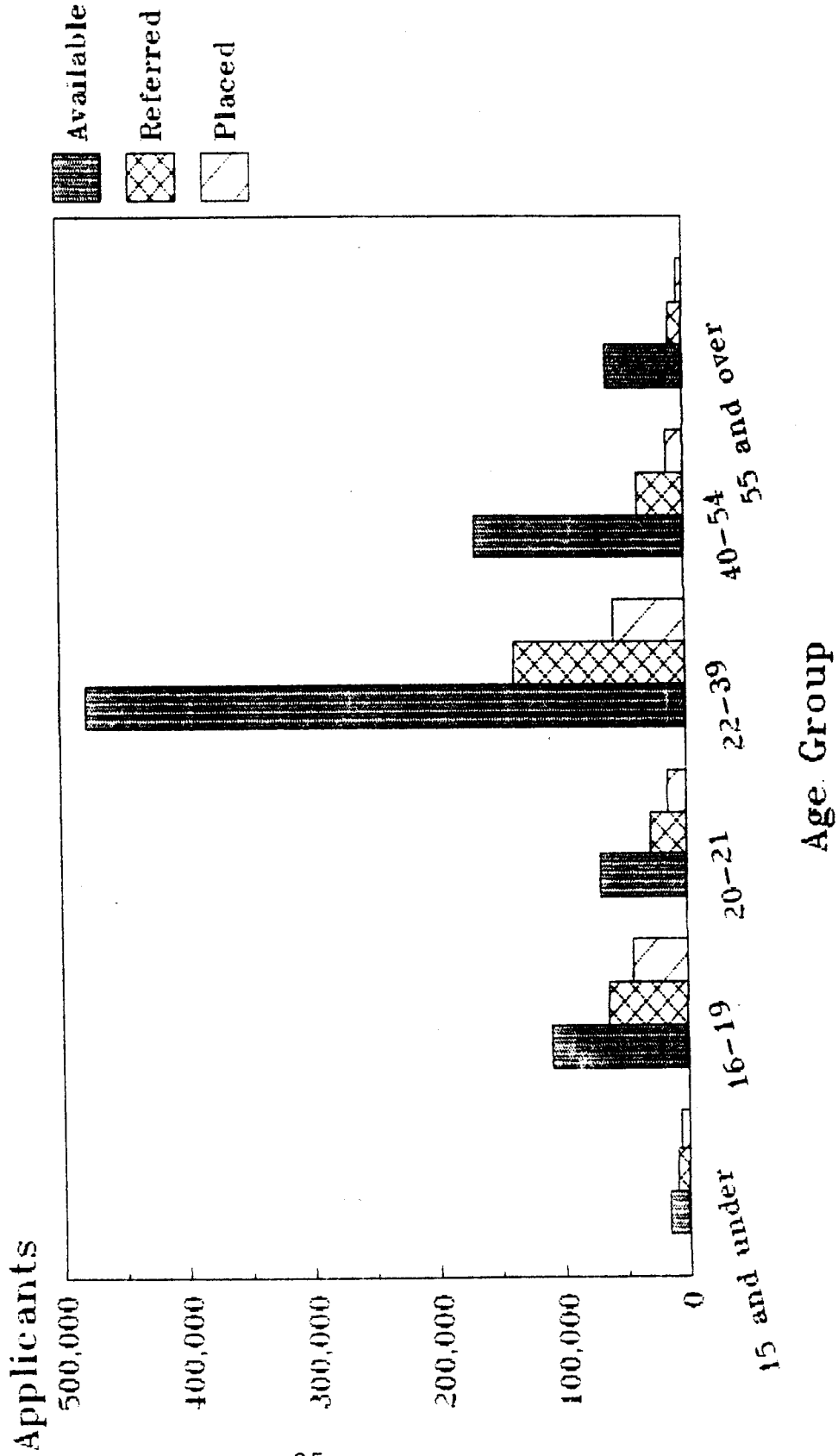
Job Openings Received, Filled and Fill Rate by Wage Rates

<u>Program Year 1986</u>					
<u>Opening Wages</u>	<u>Number Received</u>	<u>Percent Received</u>	<u>Number Filled</u>	<u>Percent Filled</u>	<u>Fill Rate</u>
Under \$3.35	1,655	0.73%	1,244	0.74%	75.17%
\$3.35 - \$3.84	109,022	48.20%	89,669	53.10%	82.25%
\$3.85 - \$3.99	1,726	0.76%	1,205	0.71%	69.81%
\$4.00 - \$4.49	22,862	10.11%	14,653	8.68%	64.09%
\$4.50 - \$4.99	12,128	5.36%	7,508	4.45%	61.91%
\$5.00 - \$5.49	19,042	8.42%	12,523	7.42%	65.77%
\$5.50 - \$5.99	6,086	2.69%	3,854	2.28%	63.33%
\$6.00 - \$6.49	13,708	6.06%	9,840	5.83%	71.78%
\$6.50 - \$6.99	3,982	1.76%	2,660	1.58%	66.80%
\$7.00 & Over	24,646	10.90%	17,856	10.57%	72.45%
Other	<u>11,350</u>	<u>5.02%</u>	<u>7,868</u>	<u>4.66%</u>	<u>69.32%</u>
Total	<u>226,207</u>	<u>100.00%</u>	<u>168,880</u>	<u>100.00%</u>	<u>74.66%</u>
<u>Program Year 1985</u>					
Under \$3.35	1,985	0.91%	1,624	0.95%	81.81%
\$3.35 - \$3.84	115,296	52.65%	96,666	56.83%	83.84%
\$3.85 - \$3.99	2,157	0.98%	1,792	1.05%	83.08%
\$4.00 - \$4.49	19,710	9.00%	13,457	7.91%	68.27%
\$4.50 - \$4.99	10,029	4.58%	6,406	3.77%	63.87%
\$5.00 - \$5.49	15,780	7.21%	10,587	6.22%	67.09%
\$5.50 - \$5.99	10,212	4.66%	8,354	4.91%	81.81%
\$6.00 - \$6.49	9,325	4.26%	6,922	4.07%	74.23%
\$6.50 - \$6.99	3,928	1.79%	2,827	1.66%	71.97%
\$7.00 & Over	18,707	8.54%	12,382	7.28%	66.19%
Other	<u>11,869</u>	<u>5.42%</u>	<u>9,068</u>	<u>5.33%</u>	<u>76.40%</u>
Total	<u>218,998</u>	<u>100.00%</u>	<u>170,085</u>	<u>100.00%</u>	<u>77.67%</u>
<u>Program Year 1984</u>					
Under \$3.35	5,475	2.50%	4,179	2.51%	76.33%
\$3.35 - \$3.84	121,813	55.57%	98,609	59.13%	80.95%
\$3.85 - \$3.99	2,027	0.92%	1,632	0.98%	80.51%
\$4.00 - \$4.49	17,164	7.83%	11,478	6.88%	66.87%
\$4.50 - \$4.99	9,055	4.13%	6,076	3.64%	67.10%
\$5.00 - \$5.49	12,513	5.71%	8,314	4.99%	66.44%
\$5.50 - \$5.99	8,959	4.09%	7,369	4.42%	82.25%
\$6.00 - \$6.49	8,871	4.05%	6,703	4.02%	75.56%
\$6.50 - \$6.99	3,178	1.45%	2,098	1.26%	66.02%
\$7.00 & Over	19,238	8.78%	11,768	7.06%	61.17%
Other	<u>10,895</u>	<u>4.97%</u>	<u>8,536</u>	<u>5.12%</u>	<u>78.35%</u>
Total	<u>219,188</u>	<u>100.00%</u>	<u>166,762</u>	<u>100.00%</u>	<u>76.08%</u>

Source: ESARS Program Year End Reports 1984, 1985 and 1986.

GRAPH 5

# Applicants Available, Referred and Placed by Age Program Year 1986



Source: Developed by LB&FC staff based on data provided by the Department of Labor and Industry.

Note: 708 (less than .1%) applicants had no age recorded and these applicants are not represented on this graph.

TABLE 4

Available Applicants, Referred and Placed by Age Group  
Program Years 1984, 1985 and 1986

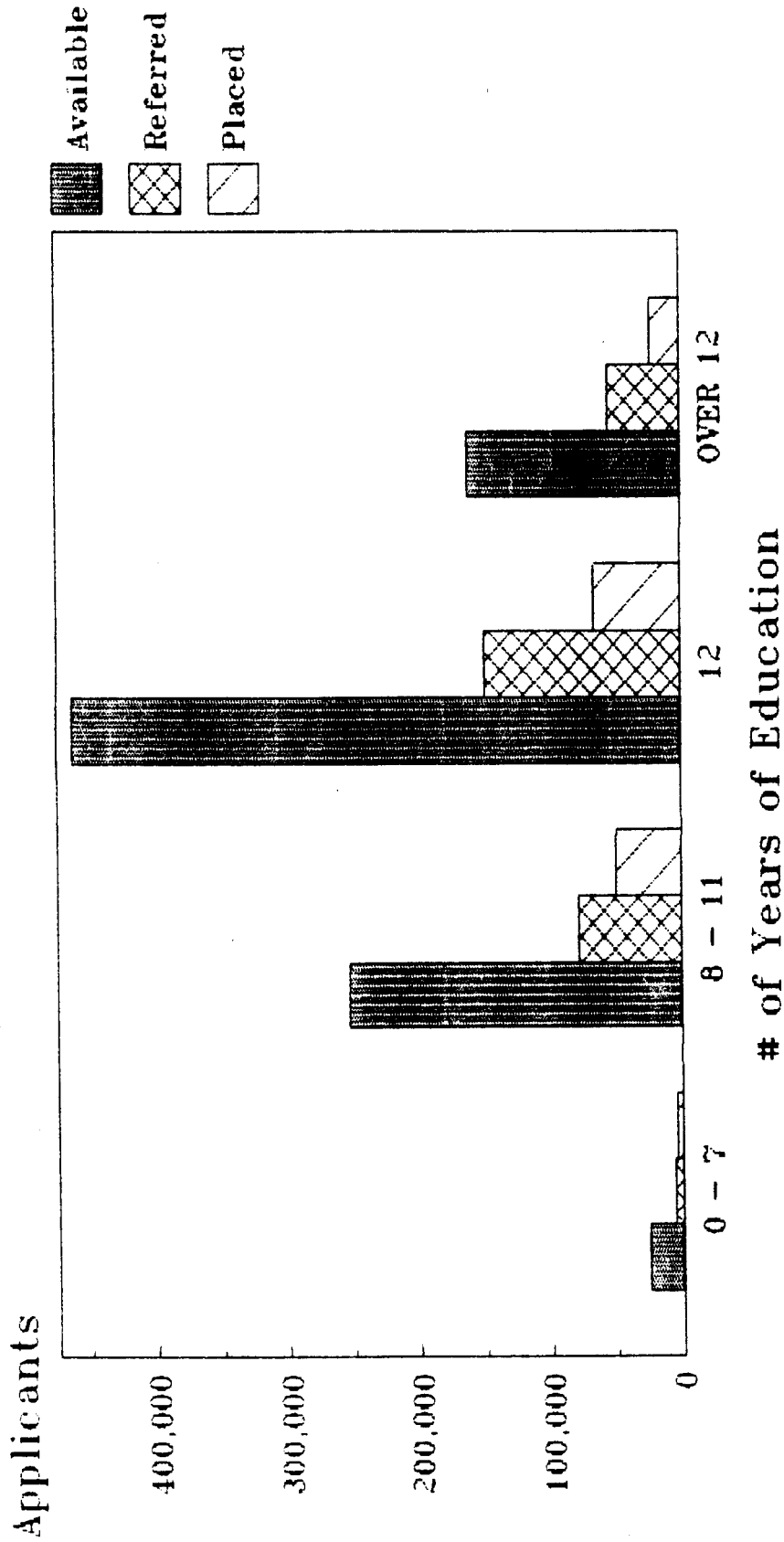
PY 1984						
<u>Age Group</u>	<u># Apps.</u>	<u>% Total</u>	<u>Referred</u>	<u>Placed</u>	<u>% Total</u>	<u>% App. Pla</u>
15 & Under	17,571	1.85%	9,875	5,787	4.30%	32.93%
16-19	127,201	13.36%	67,204	43,819	32.55%	34.45%
20-21	78,210	8.21%	30,665	16,440	12.21%	21.02%
22-39	489,773	51.43%	129,344	51,345	38.14%	10.48%
40-54	170,096	17.86%	35,707	12,965	9.63%	7.62%
55 & Over	68,738	7.22%	11,153	4,209	3.13%	6.12%
INA <sup>1/</sup>	736	.08%	169	47	.03%	6.39%
<b>TOTAL</b>	<b><u>952,325</u></b>	<b><u>100.00%</u></b>	<b><u>284,117</u></b>	<b><u>134,612</u></b>	<b><u>100.00%</u></b>	<b><u>14.14%</u></b>
PY 1985						
<u>Age Group</u>	<u># Apps.</u>	<u>% Total</u>	<u>Referred</u>	<u>Placed</u>	<u>% Total</u>	<u>% App. Pla</u>
15 & Under	17,571	1.85%	10,938	7,021	5.00%	39.96%
16-19	122,626	12.64%	65,254	46,135	32.85%	37.62%
20-21	78,680	8.11%	29,920	16,813	11.97%	21.37%
22-39	507,690	52.33%	131,976	53,387	38.01%	10.52%
40-54	174,851	18.02%	35,734	12,782	9.10%	7.31%
55 & Over	67,802	6.99%	10,580	4,161	2.96%	6.14%
INA <sup>1/</sup>	884	.09%	315	141	.10%	15.95%
<b>TOTAL</b>	<b><u>970,104</u></b>	<b><u>100.00%</u></b>	<b><u>284,717</u></b>	<b><u>140,440</u></b>	<b><u>100.00%</u></b>	<b><u>14.48%</u></b>
PY 1986						
<u>Age Group</u>	<u># Apps.</u>	<u>% Total</u>	<u>Referred</u>	<u>Placed</u>	<u>% Total</u>	<u>% App. Pla</u>
15 & Under	15,980	1.77%	9,430	6,841	4.82%	42.81%
16-19	109,085	12.07%	63,511	44,079	31.09%	40.41%
20-21	69,554	7.70%	28,662	15,111	10.66%	21.73%
22-39	478,937	53.01%	137,188	57,352	40.45%	11.97%
40-54	167,500	18.54%	37,618	13,972	9.85%	8.34%
55 & Over	61,671	6.83%	11,209	4,316	3.04%	7.00%
INA <sup>1/</sup>	708	.08%	342	129	.09%	18.22%
<b>TOTAL</b>	<b><u>903,435</u></b>	<b><u>100.00%</u></b>	<b><u>287,960</u></b>	<b><u>141,800</u></b>	<b><u>100.00%</u></b>	<b><u>15.70%</u></b>

<sup>1/</sup>INA = Information Not Available.

Source: Developed by LB&FC staff from ESARS Program Year End Reports 1984, 1985 and 1986.

GRAPH 6

# Applicants Available, Referred and Placed by Educational Level Program Year 1986



Note: The educational level for 762 (less than .1%) of the applicants was not recorded and these applicants are not represented on this graph.

Source: Developed by LB&FC staff based on data provided by the Department of Labor and Industry.

TABLE 5

Available Applicants, Referred and Placed by Education Level  
Program Years 1984, 1985 and 1986

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## PY 1984

Education Level	# Apps.	% Total	Referred	Placed	% Total	% App. Pla
0- 7	27,673	2.91%	5,287	3,037	2.26%	10.97%
8-11	278,892	29.29%	61,332	47,349	35.17%	16.98%
12	481,318	50.54%	144,591	63,207	46.95%	13.13%
Over 12	162,609	17.07%	52,559	20,857	15.49%	12.83%
INA <sup>1/</sup>	1,833	.19%	20,348	162	.12%	8.84%
<b>TOTAL</b>	<b>952,325</b>	<b>100.00%</b>	<b>284,117</b>	<b>134,612</b>	<b>100.00%</b>	<b>14.14%</b>

## PY 1985

Education Level	# Apps.	% Total	Referred	Placed	% Total	% App. Pla
0- 7	29,057	3.00%	6,477	4,237	3.02%	14.58%
8-11	284,270	29.30%	81,723	51,258	36.50%	18.03%
12	490,848	50.60%	143,973	63,668	45.33%	12.97%
Over 12	164,942	17.00%	52,203	21,113	15.03%	12.80%
INA <sup>1/</sup>	987	.10%	341	164	.12%	16.62%
<b>TOTAL</b>	<b>970,104</b>	<b>100.00%</b>	<b>284,717</b>	<b>140,440</b>	<b>100.00%</b>	<b>14.48%</b>

## PY 1986

Education Level	# Apps.	% Total	Referred	Placed	% Total	% App. Pla
0- 7	25,643	2.84%	6,122	4,647	3.28%	18.12%
8-11	252,730	27.97%	78,205	49,106	34.63%	19.43%
12	463,338	51.29%	148,973	65,784	46.39%	14.20%
Over 12	160,962	17.82%	54,323	22,093	15.58%	13.73%
INA <sup>1/</sup>	762	.08%	337	170	.12%	22.31%
<b>TOTAL</b>	<b>903,435</b>	<b>100.00%</b>	<b>287,960</b>	<b>141,800</b>	<b>100.00%</b>	<b>15.70%</b>

<sup>1/</sup>INA = Information Not Available.

Source: Developed by LB&FC staff from ESARS Program Year End Reports 1984, 1985 and 1986.



### EXHIBIT 3

#### Observations from Job Service Program Data Regarding Age, Education and Wage

- The Job Service's rate of placement is highest for applicants who are under 15 years old (42.8% in 1986) and lowest for applicants 55 years old and over (7% in 1986). The success rate for placing persons 40 to 54 years of age is similar (8% in 1986).<sup>1/</sup>
- For PY 86, the 15 and under age group had the least number of applicants (15,980); of that number 59% (9,430) were referred and 43% (6,841) of the total applicants were placed.
- For PY 86, the 16-19 age group had the third highest number of applicants (109,085) and of that number 58% (63,511) were referred with 40% (44,079) of the total applicants in that group being placed.<sup>1/</sup>
- The age group 20-21 for PY 86 had 69,554 applicants. 41% (28,662) of those applicants were referred, and 22% (15,111) of the total applicants in that age group were placed.
- The age group 22-39 had the largest number of applicants (478,937) in PY 86, but 29% (137,188) of those applicants were referred to a job and 12% (57,352) were placed.
- For PY 86, the 40-54 age group had the second highest number of applicants (167,500) but only 22% (37,618) were referred and 8.3% (13,972) were placed, the second lowest placement rate for all age groups.
- For PY 86, the 55 and up age group had the second lowest number of applicants (61,671) and of that number only 18% (11,209) were referred and only 7% (4,316) were placed.
- The Job Service is most successful in placing persons who have not graduated from high school; 1986 placement rates for persons with less than 7 years of schooling was 18%, while the placement rates for persons with between 8 and 11 years of schooling was 19%. By contrast, the placement rate for high school graduates was 14% and persons with post secondary education was 14%.
- The trend of successful placements by attained education level in Program Year 1985 was similar to that in Program Year 1986 with the highest placement rate for those individuals with an education level of 8-11, and the least successful for those with over 12 years of education.

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\*/Developed by LB&FC staff based on Department of Labor and Industry information.

<sup>1/</sup>Job Service officials have pointed out that a portion of their program is aimed at finding students summer employment.

EXHIBIT 3

Observations from Job Service Program Data  
Regarding Age, Education and Wage  
(Continued)

- The number of job openings with a scheduled wage of \$6.00 or more improved in Program Year 1986 with 19% of openings received. The percent of job openings with a listed wage rate of \$6.00 or more was approximately 15% in Program Years 1984 and 1985.
- During PY 86, jobs listed with PA Job Service at less than \$4.00 per hour or less had a fill rate of 82% while jobs listed at \$6.00 or more per hour had a fill rate of 72%.
- Most jobs (55%) filled by the Job Service during 1986 listed at less than \$4.00 per hour (75% of jobs filled were listed at less than \$5.50 per hour).
- Over half of the jobs filled by Job Service in PY 86 were listed as paying between \$3.35 and \$3.84 per hour. The average wage rate of the jobs filled in PY 86 was listed at \$4.51 per hour.

EXHIBIT 4

Selected Edited Comments from  
Sample of PA Job Service  
Participants Regarding Unskilled/Low Paying Job Offerings

- ... only jobs they have are minimum paying jobs ... I can't feed my family on \$3.65 an hour.
- ... kept offering jobs that were part time 20 to 25 hours a week ... cannot make a living on that ...
- ... don't feel picking up paper is a meaningful job.
- ... jobs here are not well-paying ... my job is not what I am qualified to do.
- ... referred to jobs thirty miles away at a pay rate of \$3.35/hour ... generally jobs I have been referred to I would be stepping down from welfare not up.
- ... only give me part-time jobs because there aren't any full time jobs available ... stocking shelves, etc.
- ... most jobs posted were barely over minimum wage.
- ... not too helpful ... jobs they came up with had wages of only \$3.00-\$4.00 an hour ... I have a family to take care of and cannot live on that with them.
- ... told there was nothing available in my field (... management).
- ... I'm not going to relocate or commute 75 miles to pump gas.
- ... they sent me to ... as a welder with fitting experience, I have no fitting experience so they were not interested ... unemployment sent me anyway.
- ... would have liked to have been offered a full time position with a salary more than \$3.35 an hour.
- ... was given heavy lifting work which I did not expect ... didn't know the full details of the job.
- ... small companies ... small salaries.
- ... should be able to collect more than a minimum wage salary.
- ... minimum wage jobs ... less than 40 hours a week ... demeaning to my experience.
- ... was working part time as a supervisor in retail ... they offered me a temporary full time position in a car wash as a cashier ...
- ... usually underpaid, unskilled positions ...
- ... sometimes they were menial jobs that I did not care for.
- ... most jobs are for unskilled, blue collar workers ... I am a white collar worker JS does not offer that type of job.
- ... too many part time and low paying jobs..
- ... looking for higher salary positions.
- ... was making \$5.90 at my former job and I was expected to accept this job at a mere \$3.35 an hour ... it was in no way related to what I am qualified to do.
- ... asked for a job working on cars ... got a job washing cars.

EXHIBIT 4

Selected Edited Comments from  
Sample of PA Job Service  
Participants Regarding Unskilled/Low Paying Job Offerings  
(Continued)

- ... only jobs that seems to go through JS are low paying, low grade or employer has high turnover of people due to poor working conditions, minimum wages or outrageous demands.
- ... should have been referred to work relating to what I am qualified for
- ... my benefits would be cut off if I refused to accept the job they offered.
- ... need more jobs available besides fast food chains.

Source: Respondents to an LB&FC questionnaire administered to Job Service participants.

### C. EMPLOYERS' AWARENESS AND UTILIZATION OF THE JOB SERVICE

**FINDING:** The Job Service is funded via an employer payroll tax imposed upon wages paid by all private employers.<sup>1/2/</sup> These funds are collected by the Federal Government and then allocated to the States for administration of Job Service programs. The payroll taxes are the responsibility of employers whether they use the Job Service or not. In theory, the Job Service then is to provide services across the broad spectrum of employers and for all types of jobs. In actuality, the Job Service in large measure, however, is primarily a service for employers who are seeking persons willing to work at relatively low wages (see Finding B). This may represent a basic inequity to employers who pay these taxes and do not find the Job Service a useful source for employment candidates or related information. Contact which the auditors had with representative employers and review of other related information indicates that at least some employers do not make use of the Job Service because they do not have confidence in the Service and do not believe that the Service represents the type of prospective employee pool which would meet the needs of those particular employers. At least some employers feel that they can be more successful in obtaining certain kinds of employees through their own recruitment means and/or working through private employment agencies rather than through the Job Service. Additionally, many of the respondents to an auditor questionnaire indicated that they were unaware of at least some of the services available to employers through the Job Service. Please see Exhibit 5 for a listing of selected comments concerning this lack of knowledge on the part of certain employers. Also, please see Exhibit 6 for selected comments from employers concerning the strengths of private employment agencies as compared to the Job Service. Taking into account all of the employers using the Job Service, the largest single category of jobs listed includes jobs such as institutional housekeeping, waitressing, hostessing, and laundering occupations (these jobs are classified under the category "Other Services"). Approximately 53% of all job openings received from employers during Program Year 1986 were for jobs in the "Other Services" category or jobs classified as "Clerical" or "Packaging/Material Handling." By comparison, approximately 7.7% of the job openings received were classified as "Professional, Technical and Managerial" (a decrease from 9.9% in 1984) and 4.4% were for "Machine Trades" (an increase from 4.07% in 1984).

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<sup>1/</sup>Certain employers are exempted from paying the Federal Unemployment Tax and include nonprofit organizations, farmers, small family businesses and federal, state and local government agencies.

<sup>2/</sup>The Federal Unemployment Tax accounts for the major portion of the funding of the Bureau of Job Service. Other programs such as the Disabled Veterans Employment Representative (DVER) program also provide funding to the Bureau. (See Table 12 for the Bureau of Job Service funding sources.)

Table 6 and Graph 7 contain additional data on openings received and filled by occupational categories. Please also see Exhibit 7 which provides information regarding employer utilization of the Job Service. About one-fifth of all Pennsylvania (non-agricultural) employers use the Job Service's job listing service. This percentage decreased from 22.2% in 1977 to 13.7% in 1982 and then rose to 20.7% by 1986. Table 7 and Graph 8 provide information on the numbers and percentages of employers that have used the Job Service for job listings over the past several years. While the Job Service has an Employer Relations Section, the number of Job Service staff devoted to employer relations is considerably less at the present time than it was several years ago. For example, according to program officials, the Job Service had an employer relations staff of approximately 200 persons in 1979 which was reduced to 76 persons by late 1987. The Job Service had a marketing plan to encourage participation by employers which was discontinued during Program Year 1984. The Job Service has, however, maintained a number of activities directed at improving employer relations. For example, the Job Service during the period of October 1986 to October 1987 conducted 202 Local Employer Advisory Council meetings. The Employer Relations Section of the Bureau of Job Service also created a video tape library of 17 different topics ranging from "Wellness in the Workplace" to "AIDS" as well as the development of "Job Creator Awards" which recognize those employers who work with their local offices to bring in new jobs and retain employment opportunities.

EXHIBIT 5

Selected Edited Comments from Employer Questionnaires  
Regarding Awareness of Available Employer Services

- ... not familiar with most of the programs.
- ... no knowledge about any of the services ...
- ... unaware of services other than calling to start a search for an employee.
- ... Services are adequate ... not enough awareness of programs ...
- ... did not know that they administer any tests ...
- ... had to call and ask about everything I thought they had to offer ... still do not know.
- ... The full scope of services offered ... is unknown to most employers.
- ... I have not heard of most of the programs ...
- ... Not familiar with all services listed ... would like further information.
- ... had no idea they had all of the services listed ...
- ... have no idea what services are provided by the Job Service...
- ... have not received any literature or requests for workshops.
- ... until we read this survey, several of their services were unknown to us ...
- ... most employers don't utilize the services offered, primarily because they are not aware of them.
- ... receive little if any information ...
- ... no literature in our files regarding what they have to offer.
- ... was not aware of all the programs that are available.
- ... have an office near JS ... I didn't know the number or type of services that were available ...
- ... never heard of most of the services ...
- ... you would not be aware of the services unless you ask.
- ... information is not always sent to employers regarding available programs and/or seminars.
- ... maybe more advertising would make their services better understood.
- ... I was in business for 1-1/2 years before I became aware of any of these programs ... more advertisement is needed so new businesses become aware of the different programs that are offered.
- ... are aware only of work they do in referring applicants ...

Source: Respondents to an LB&FC questionnaire administered to employers using Job Service.

## EXHIBIT 6

### Selected Edited Comments from Employer Questionnaires Regarding Strengths of Private Employment Agencies in Comparison to the Job Service

- ... good people who are well screened and tested and have written scores available for review...
- ... tighter screening process.
- ... larger pool of supervisory and management applicants.
- ... better at referring specialized technical, supervisory and managerial applicants whose backgrounds are particular to our industry.
- ... use private employment agencies for executive positions where we also required specific ... experience or for ... technicians where experience on specific equipment was required...
- ... They tend to screen better.
- ... send people for interviews qualified for positions requested.
- ... more information on the prospective job applicants.
- ... applicants more qualified ... faster services.
- ... interest and persistence of the private agency is motivated by the fee ... not sure what motivates the individual from PA Job Service ... it appears we are just getting warm bodies to interview...
- ... applicants better qualified for the positions we need to fill.
- ... more effort to locate qualified applicant.
- ... attract better qualified applicants ... experience and education.
- ... persons seeking management or salaried positions may favor private agencies ...
- ... send only qualified applicants ... saves time in looking and advertising for help.
- ... seem slightly more dedicated to needs of company.
- ... screen the applicant and do not waste your time with people who do not qualify.
- ... "rent to own" policy of temporary services ... no need to put them on our payroll unless we wish to hire them permanently.
- ... more success in finding candidates for more specialized technical positions.
- ... pool of applicants for sales, management and varied positions in non-industrial fields seems much greater ...
- ... higher qualified people.
- ... better quality of applicants.
- ... Applicants seem to be better qualified...
- ... are able to locate higher management level applicants.
- ... attractiveness to certain kinds of employees.
- ... more skilled applicants are available to be interviewed.
- ... staff is generally more qualified academically and have more experience... use testing properly and are more professional.
- ... candidates are USUALLY more motivated to find work ... voluntarily seek help - Job Service candidates often must utilize service to keep benefits.
- ... able to identify specific applicant for specialized skill.

Source: Respondents to an LB&FC questionnaire administered to employers using Job Service.



TABLE 6

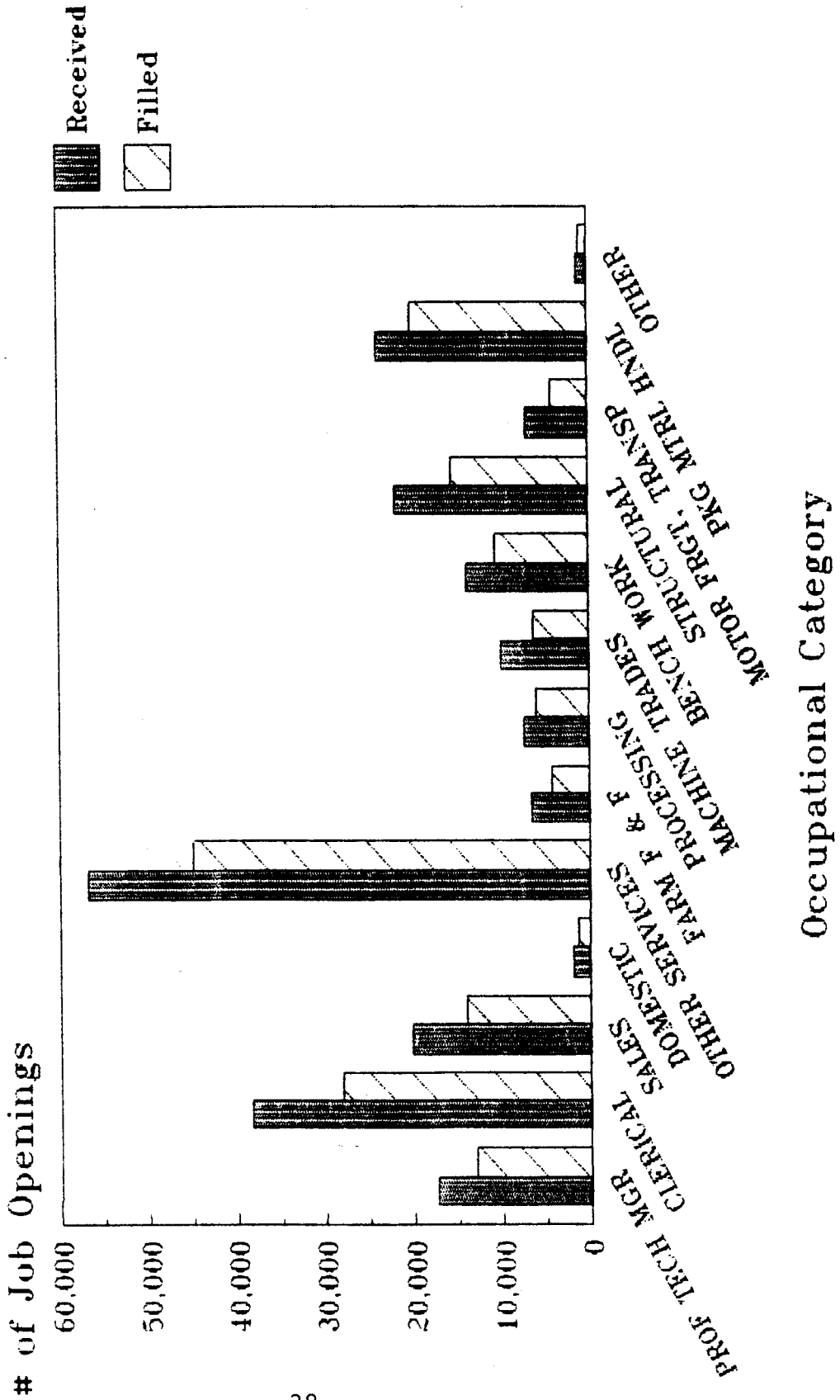
Job Openings Received, Filled and Fill Rate by Occupation

Program Year 1986					
<u>Occupation</u>	<u>Number Received</u>	<u>Percent Received</u>	<u>Number Filled</u>	<u>Percent Filled</u>	<u>Fill Rate</u>
Other Services.....	56,744	25.08%	44,896	26.58%	79.12%
Clerical.....	38,359	16.96%	28,004	16.58%	73.01%
Packaging, Material Handling.....	23,844	10.54%	20,011	11.85%	83.92%
Structural.....	21,880	9.67%	15,531	9.20%	70.98%
Sales.....	20,213	8.94%	14,004	8.29%	69.28%
Professional, Technical & Managerial	17,415	7.70%	13,027	7.71%	74.80%
Bench Work.....	13,852	6.12%	10,569	6.26%	76.30%
Machine Trades.....	9,957	4.40%	6,262	3.71%	62.89%
Processing.....	7,398	3.27%	6,020	3.56%	81.37%
Motor Freight, Transportation.....	6,994	3.09%	4,143	2.45%	59.24%
Farm, Forestry and Fisheries.....	6,552	2.90%	4,241	2.51%	64.73%
Domestic.....	1,876	0.83%	1,330	0.79%	70.90%
Other.....	<u>1,123</u>	<u>0.50%</u>	<u>842</u>	<u>0.50%</u>	<u>74.98%</u>
Total.....	<u>226,207</u>	<u>100.00%</u>	<u>168,880</u>	<u>100.00%</u>	<u>74.66%</u>
Program Year 1985					
Other Services.....	59,566	27.20%	49,308	28.99%	82.78%
Clerical.....	37,081	16.93%	27,403	16.11%	73.90%
Packaging, Material Handling.....	20,986	9.58%	18,050	10.61%	86.01%
Professional, Technical & Managerial	20,350	9.29%	15,717	9.24%	77.23%
Structural.....	19,004	8.68%	14,763	8.68%	77.68%
Sales.....	17,500	7.99%	12,571	7.39%	71.83%
Bench Work.....	12,294	5.61%	9,377	5.51%	76.27%
Machine Trades.....	8,887	4.06%	5,453	3.21%	61.36%
Farm, Forestry and Fisheries.....	7,037	3.21%	5,438	3.20%	77.28%
Motor Freight, Transportation.....	6,353	2.90%	3,952	2.32%	62.21%
Processing.....	6,190	2.83%	5,187	3.05%	83.80%
Domestic.....	2,204	1.01%	1,599	0.94%	72.55%
Other.....	<u>1,546</u>	<u>0.71%</u>	<u>1,267</u>	<u>0.74%</u>	<u>81.95%</u>
Total.....	<u>218,998</u>	<u>100.00%</u>	<u>170,085</u>	<u>100.00%</u>	<u>77.67%</u>
Program Year 1984					
Other Services.....	61,116	27.88%	49,435	29.64%	80.89%
Clerical.....	36,530	16.67%	27,267	16.35%	74.64%
Professional, Technical & Managerial	21,684	9.89%	17,016	10.20%	78.47%
Packaging, Material Handling.....	20,202	9.22%	17,513	10.50%	86.69%
Structural.....	19,294	8.80%	12,931	7.75%	67.02%
Sales.....	19,039	8.69%	13,779	8.26%	72.37%
Bench Work.....	11,018	5.03%	8,204	4.92%	74.46%
Machine Trades.....	8,921	4.07%	5,645	3.39%	63.28%
Farm, Forestry and Fisheries.....	6,431	2.93%	4,408	2.64%	68.54%
Motor Freight, Transportation.....	5,624	2.57%	3,123	1.87%	55.53%
Processing.....	5,303	2.42%	4,347	2.61%	81.97%
Domestic.....	2,631	1.20%	2,017	1.21%	76.66%
Other.....	<u>1,395</u>	<u>0.64%</u>	<u>1,077</u>	<u>0.65%</u>	<u>77.20%</u>
Total.....	<u>219,188</u>	<u>100.00%</u>	<u>166,762</u>	<u>100.00%</u>	<u>76.08%</u>

Source: ESARS Program Year End Reports 1984, 1985 and 1986.

GRAPH 7

# Job Openings Received and Filled by Occupational Category Program Year 1986



Source: Developed by LB&FC staff based on data provided by the Department of Labor and Industry.

EXHIBIT 7

Observation from Program Data  
Regarding Utilization of the Job Service \*/

- In PY 86, Job Service filled 75% (168,880) of the 226,207 job openings it had received from employers. 17%, or 28,004, of the 168,880 placements were in the 'clerical' occupational category and 8%, or 13,027, were in the 'professional, technical and managerial' category.
- According to US DOL reports, during 1986, 16% of PA's experienced civilian work force was classified in the 'administrative support including clerical' occupational category and 22% of PA's experienced civilian work force was classified in the 'executive, administrative, managerial and professional specialty' occupational categories.
- 20% of the professional, technical and managerial job openings filled in PY 86 were listed as paying between \$3.35 & \$3.84 per hour. 24% were listed at less than \$5.00 per hour. The average wage rate listed for filled professional, technical and managerial jobs was \$5.98 per hour.
- According to Labor and Industry reports, as of October 1987, 16% of the local offices had no Employer Relations Representative assigned on a permanent basis.
- 166,487 (99%) of the 168,880 job openings filled for employers in PY 86 were non-agricultural type jobs. 97% of the non-agricultural jobs listed to last less than four days in duration were filled.
- 31% of the non-ag job openings received at Job Service for PY 86 were for part time positions. 34% of the non-ag job openings filled were part time.
- 35% of the applicants were UI claimants. 23% of the individuals placed were UI claimants. 10% of the UI claimants were placed.

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\*/Developed by LB&FC staff from ESARS reports and an LB&FC questionnaire administered to employers using Job Service.

TABLE 7

PA Non-Agricultural Establishments and Job Service Users

<u>Year</u>	PA <sup>1/</sup> <u>Non-Agricultural</u> <u>Establishments</u> (A)	<u>Non-Agricultural</u> <sup>2/</sup> <u>Users</u> (B)	<u>Non-Agricultural</u> <u>User Rate</u> (B/A)
CY 1977.....	209,598	46,584	22.23%
CY 1978.....	209,220	44,970	21.49%
CY 1979.....	213,709	41,847	19.58%
CY 1980.....	211,944	37,369	17.63%
CY 1981.....	204,576	33,785	16.51%
CY 1982.....	197,533	27,077	13.71%
CY 1983.....	190,584	28,930	15.18%
TY 1984 <sup>3/</sup> .....	179,923	30,830	17.14%
PY 1984.....	183,560	37,540	20.45%
PY 1985.....	191,930	37,121	19.34%
PY 1986.....	190,991	39,535	20.70%

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1/Total number of Non-Agricultural establishments reported on a calendar year basis, 1977-1983.

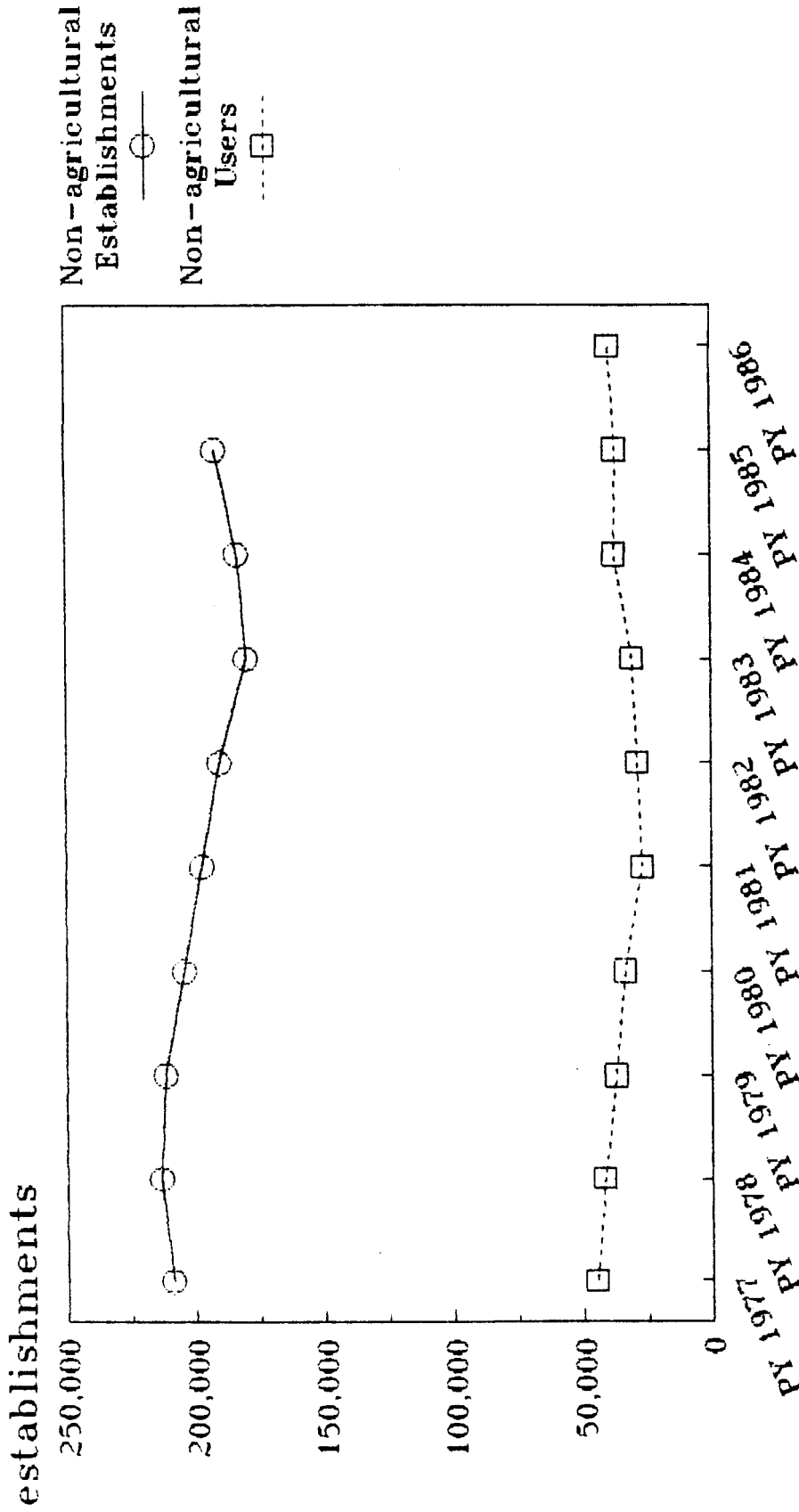
2/Non-Agricultural job openings represent 99% of all job openings listed with Job Service.

3/TY 84 represents a transitional period, changing the reporting from a calendar year to a program year.

Source: PA Department of Labor & Industry.

GRAPH 8

# Job Service Employer Users



Source: Developed by LB&FC staff based on data provided by the Department of Labor and Industry.

D. VARIATION IN TESTING, COUNSELING AND OTHER AUXILIARY (EMPLOYABILITY DEVELOPMENT) SERVICES<sup>1/</sup>

**FINDING:** The provision of auxiliary (employability development) services to job applicants by the Job Service is uneven across the Commonwealth.<sup>2/</sup> Job related counseling is provided to applicants in some local offices and not in others. Likewise, limited job related testing is provided by some local offices while other offices provide extensive testing services. Substantial variations also exist in enrollment in training services and referral to supportive services. Graph 9 illustrates regional variation in the provision of these services. The minimal or negligible provision of these services by some local offices does not appear to be readily explainable by established guidelines and procedures of the Job Service. In fact, existing policies and procedures related to counseling, testing and other employability development services, which in many cases were developed in the 1960s and 1970s, would seem to indicate that such services are to be aggressively pursued at the various local Job Service offices across the Commonwealth without differentiation. While not provided for in the written procedures and policies of the Job Service, the lack of counseling services in many local offices is easily explained by the fact that no counselors are on the staffs of those offices. The Job Service has, in recent years, been pursuing a policy of not replacing counselors who resign. In past years, performance goals had been established for local offices to perform certain numbers of counselor hours. For the most part this practice was discontinued in Program Year 1987, and local offices are no longer evaluated on the basis of their provision of counseling or other auxiliary service hours. For those offices with an employment counselor on staff, the Program Year 1987 Planning Guidelines indicate that management must ensure that counseling levels meet minimum standards. The auditors

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<sup>1/</sup>As described in the Program Year 1987 State Plan, such employability development services include vocational assessment, testing, and career guidance actively designed to help job seekers make informed decisions about their participation in the labor force.

<sup>2/</sup>There has also been variation over time in the provision of these services, including among the various Job Service regions of the Commonwealth. The auditors noted, for example, that when Program Year 1979 (October 1, 1979 to September 30, 1980) is compared to Program Year 1986 (July 1, 1986 to June 30, 1987), counseling activity decreased statewide by 60%, testing activity increased 29%, and the number of persons enrolled in training decreased 38%. (Table 8 and Exhibit 8 provide detailed information and observations on the provision of applicant services between PY 1979 and PY 1986.)

note, however, that in PY 1986 the level of counseling varied significantly even for those offices with such positions. For example, of two local offices in the same region each with an Employment Counselor I on staff, one office (Philadelphia-Frankford) counseled 34 of its total 20,758 applicants while another (Upper Darby) counseled 690 out of 11,408. The auditors noted similar variations in the level of testing provided by local offices. For example, of two offices in one region, one office (Norristown) tested 10% of its applicants while another (Philadelphia-Center City) tested only .03%. (Exhibit 9 provides additional information on such variation among selected local offices.) Consideration of utilizing testing services in a local office seems in large part to be a result of the demands of the local employer(s). The availability of certain testing services is based on the availability of staffing. Additionally, the availability of physical space is also a consideration in some local offices. The decision as to whether or not to give tests by a local office seems then to be basically a local decision with very little direction from the central office of the Job Service. This uneven, variable approach to providing employability development services seems to be at odds with the "Employment and Training Plan" of the Department of Labor and Industry for the period July 1, 1988 through June 30, 1990. One of the specific stated goals of this plan is "...to assist unemployed individuals in obtaining jobs through training, retraining, counseling, job search, direct job placement and other forms of assistance." This same plan indicates that the "Job Service administers Wagner-Peyser funds for mandated activities under the Act which include (1) intake and application taking, (2) job referrals and placement, (3) job search workshops, (4) proficiency and aptitude testing, (5) individual and group counseling, and (6) referral to training as a service to job seekers." This plan goes on to state that the "Job Service identifies early in the intake process those individuals who could benefit from referrals to training. Referral to needed available training resources is then conducted." Comments received from Job Service participants who responded to a questionnaire indicate concerns regarding counseling and testing services during these participants' contacts with the Service. (Please see Exhibit 10.)

TABLE 8

Services of the PA Job Service  
Program Year 1986 as compared to Program Year 1979 <sup>\*/</sup>

<u>Category</u>	<u>PY79</u>	<u>PY86</u>	<u>PY86-79</u>	<u>% diff.</u> <u>PY86-79</u>
<b>Region 1 - Southeast</b> <sup>**</sup>				
Applicants Available <sup>1/</sup>	269877	244155	-25722	-9.53
Total Placed <sup>2/</sup>	39458	37746	-1712	-4.34
Counseled <sup>3/</sup>	9051	3057	-5994	-66.22
Tested <sup>4/</sup>	5386	4025	-1361	-25.27
Total Enrolled in Training <sup>5/</sup>	1874	231	-1643	-87.67
Referred to Support Services <sup>6/</sup>	7951	4866	-3085	-38.80
Employability Dev't. Svcs. <sup>7/</sup>	24262	12179	-12083	-49.80
<b>Region 2 - Northeast</b>				
Applicants Available	148265	135021	-13244	-8.93
Total Placed	29158	26433	-2725	-9.35
Counseled	6330	2061	-4269	-67.44
Tested	3725	9388	5663	152.03
Total Enrolled in Training	795	555	-240	-30.19
Referred to Support Services	6718	6031	-687	-10.23
Employability Dev't. Svcs.	17568	18035	467	2.66
<b>Region 3 - Southcentral</b>				
Applicants Available	65880	76277	10397	15.78
Total Placed	15161	14431	-730	-4.81
Counseled	3211	1890	-1321	-41.14
Tested	2227	4709	2482	111.45
Total Enrolled in Training	660	632	-28	-4.24
Referred to Support Services	2872	6787	3915	136.32
Employability Dev't. Svcs.	8970	14018	5048	56.28
<b>Region 4 - Northcentral</b>				
Applicants Available	53276	57221	3945	7.40
Total Placed	11030	10578	-452	-4.10
Counseled	3805	1001	-2804	-73.69
Tested	1890	6795	4905	259.52
Total Enrolled in Training	362	85	-277	-76.52
Referred to Support Services	2362	4679	2317	98.09
Employability Dev't. Svcs.	8419	12560	4141	49.19

<sup>\*/</sup>/Developed by LB&FC staff based on the Department of Labor and Industry information.

<sup>\*\*</sup>/Please see footnotes on page 46 for an explanation of these service categories.



TABLE 8

Services of the PA Job Service  
Program Year 1986 as compared to Program Year 1979\*/  
 (continued)

<u>Category</u>	<u>PY79</u>	<u>PY86</u>	<u>PY86-79</u>	<u>% diff.</u> <u>PY86-79</u>
<b>Region 5 - West Southcentral</b>				
Applicants Available	77969	101479	23510	30.15
Total Placed	14888	13994	-894	-6.00
Counseled	4393	1442	-2951	-67.18
Tested	4163	3447	-716	-17.20
Total Enrolled in Training	1397	625	-772	-55.26
Referred to Support Services	6124	8607	2483	40.55
Employability Dev't. Svcs.	16077	14121	-1956	-12.17
<b>Region 6 - West</b>				
Applicants Available	141469	224508	83039	58.70
Total Placed	35167	29080	-6087	-17.31
Counseled	4504	3502	-1002	-22.25
Tested	9153	7339	-1814	-19.82
Total Enrolled in Training	720	948	228	31.67
Referred to Support Services	6911	15875	8964	129.71
Employability Dev't. Svcs.	21288	27664	6376	29.95
<b>Region 7 - Northwest</b>				
Applicants Available	73219	80070	6851	9.36
Total Placed	11303	9820	-1483	-13.12
Counseled	1770	378	-1392	-78.64
Tested	3171	2490	-681	-21.48
Total Enrolled in Training	978	1114	136	13.91
Referred to Support Services	9216	6977	-2239	-24.29
Employability Dev't. Svcs.	15135	10959	-4176	-27.59
<b><u>STATEWIDE</u></b>				
Applicants Available	819996	903435	83439	10.18
Total Placed	155843	141800	-14043	-9.01
Counseled	33013	13323	-19690	-59.64
Tested	29695	38167	8472	28.53
Total Enrolled in Training	6786	4188	-2598	-38.28
Referred to Support Services	42092	53334	11242	26.71
Employability Dev't. Svcs.	111586	109012	-2574	-2.31

TABLE 8

Services of the PA Job Service  
Program Year 1986 as compared to Program Year 1979<sup>\*/</sup>  
(continued)

FOOTNOTES EXPLAINING SERVICE CATEGORIES

1/The available applicant figures indicate the number of applicants who have an active application on file with the PA Job Service during the Program Year.

2/The total placed figure represents the number of individuals who have obtained work based upon Job Service information and/or staff efforts.

3/This type of activity includes the assistance offered to job seekers by Job Service Employment Counselor Is. Employment Counselor Is identify vocational options, develop an employment plan, assist the applicant in reducing barriers to job placement and help the applicant adjust to the new job.

4/Testing is broken down into five categories: Proficiency, Aptitude, Achievement, Interest Inventories and Testing Enhancements (Validity Generalization - VG). This figure represents the number of individuals who have taken one or more of these tests.

5/The Job Service staff assess early in the intake process whether an applicant would benefit from training. Referral to needed and available training is provided once an assessment is performed. This figure represents the number of individuals who were successfully enrolled in a training program.

6/This figure represents the number of individuals who received a referral to supportive services. In this area, Job Service staff assist job seekers who are not job ready or who are in need of supportive services to secure such services external to the Job Service through established contacts with other human services agencies. These contacts include the Department of Public Welfare, Office of Vocational Rehabilitation, Veterans Administration, Department of Education, etc.

7/Employability development is the sum of the numbers represented in counseling, testing, enrolled in training and referred to supportive services.

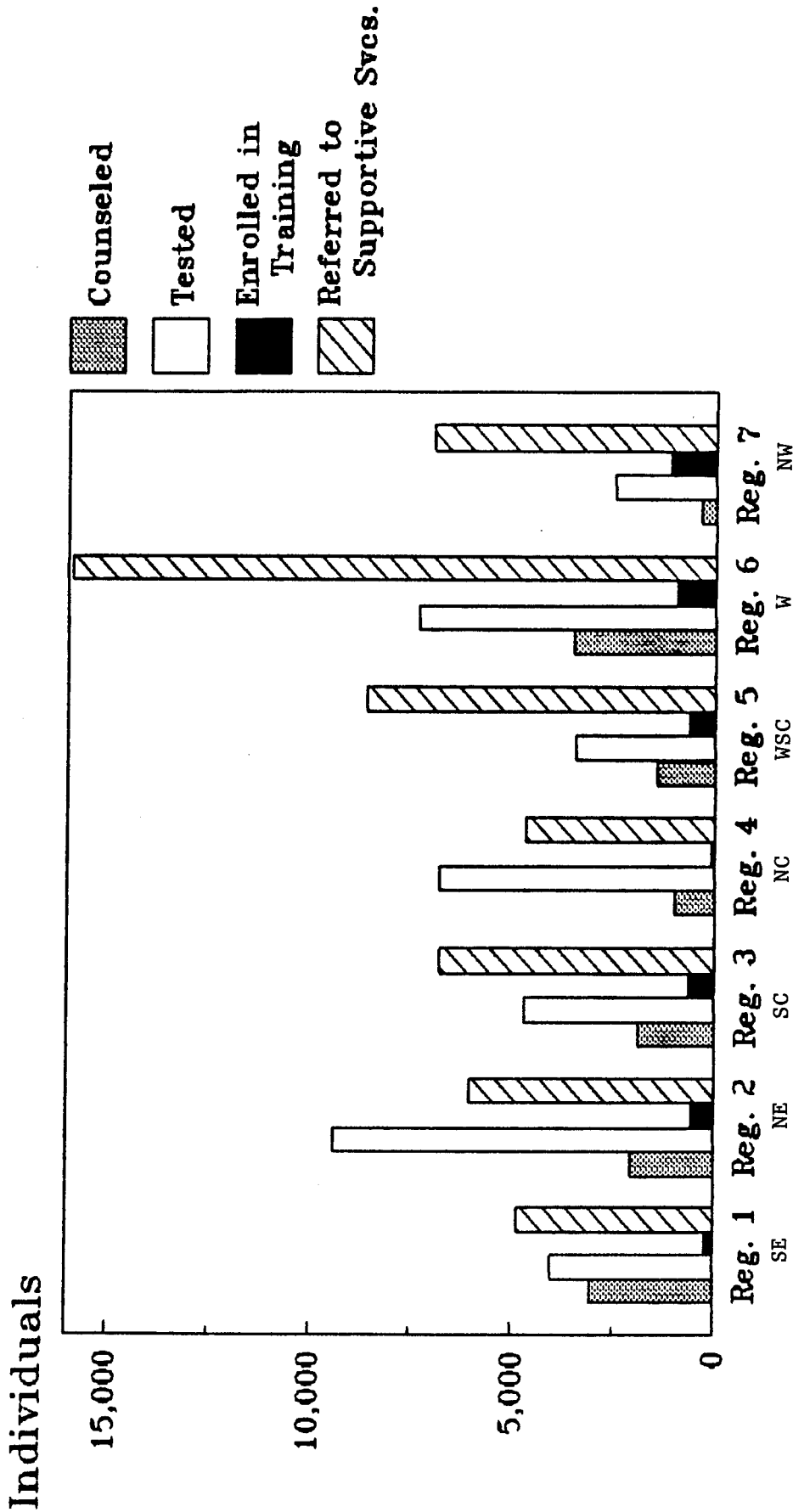
## EXHIBIT 8

### Observations from Job Service Data Regarding Utilization of Auxiliary Services (Employability Development)\*/

- Available applicants rose 10% between PY 86 and PY 79 due to an increase in the number of renewals (42%). The number of new applicants dropped by 14%.
- Counseling suffered significant drops in all of the regions, with a state-wide drop of 60% or 19,690 fewer individuals counseled in PY 1986 than PY 1979. For example, Region 7 - Northwest experienced the greatest decrease of 79% (from 1,770 to 378) while Region 6 - Western decreased from 4,504 to 3,502 individuals counseled, a decrease of 22%.
- The level of referrals to supportive services varied greatly among the regions but statewide rose 27% (11,242 individuals) between PY 86 and PY 79. The levels varied from a 39% decrease in Region 1 - Southeast (3,085 individuals) to a 137% increase in Region 3 - Southcentral (3,915 individuals).
- The level of testing rose statewide by 29% (8,472 individuals) but the level of activity varied greatly among the regions. Region 1 - Southeast tested 25% fewer individuals (1,361) while Region 4 - Northcentral increased its level of testing by 260% (4,905 individuals) between PY 86 and PY 79.
- The level of individuals enrolled in training generally decreased across the state between PY 86 and PY 79 by 38% (2,598 individuals). Region 1 - Southeast decreased the level by 88% while Region 6 - Western increased its level by 32% (228 individuals).
- Placements decreased across the state by 9% (14,043 individuals) between PY 86 and PY 79. The highest decrease was in Region 6 - Western with 17% (6,087 individuals) and the least significant decrease was in Region 4 - Northcentral with 4% (452 individuals).
- The number of referrals between PY 86 and PY 79 decreased by 4% but the levels in the regions varied. Region 1 - Southeast referred 20% fewer individuals (12,613) while Region 6 - Western referred 19% more individuals in PY 86 (12,550).
- The overall level of employability development services (the total individuals counseled, tested, enrolled in training and referred to supportive services) varied greatly among the regions but was relatively constant statewide between PY 86 and PY 79. There was a 2% (2,574 individuals) decrease statewide but the regions ranged from a 50% decrease in Region 1 - Southeast (12,083 individuals) to a 56% increase in Region 3 - Southcentral (5,048 individuals).

\*/ Developed by LB&FC staff based on Department of Labor and Industry information.

# Employability Development Services Program Year 1986, Regions 1 through 7



Source: Developed by LB&FC staff based on data provided by the Department of Labor and Industry.

EXHIBIT 9

Information on Auxiliary Service Activity  
in Selected Local Offices

Region I - Southeast

Counseling<sup>1/</sup> - 3,057 of 244,155 (1.25%)

Philadelphia Frankford - Counseled 34 of 20,758 (.16%). Has 1  
employment counselor I

Upper Darby - Counseled 690 of 11,408 (6.05%). Has 1 employment  
counselor I

Chester - Counseled 388 of 19,693 (1.97%). Has no employment  
counselor Is

Testing 4,025 of 244,155 (1.65%)

Norristown - Tested 1,599 of 16,066 (9.95%)

Center City - Tested 7 of 22,694 (0.03%)

Enrolled in Training 231 of 244,155 (.09%)

Germantown, North, Center City - Enrolled 0 in training out of  
22,154, 24,823, and 22,694, respectively.

Uptown - Enrolled 124 of 25,804 (.48%)

Referred to Supportive Services 4,866 of 244,155 (1.99%)

Levittown - Referred 61 of 11,424 (.53%)

Chester - Referred 1,431 of 19,693 (7.27%)

Region II - Northeast

Counseled - 2,061 of 135,021 (1.53%)

Scranton counseled 464 of 14,370 (3.23%). 1 employment counselor I

Stroudsburg - Counseled 485 of 5,949 (8.15%). 1 employment coun-  
selor I

Honesdale - Counseled 97 of 3,532 (2.75%). No employment counsel-  
ors

Tested - 9,388 of 135,021 (6.95%)

Wilkes-Barre - Tested 67 of 15,731 (0.43%)

Reading - Tested 1,807 of 15,488 (11.67%)

Enrolled in Training - 555 of 135,021 (0.41%)

Bethlehem - Enrolled 1 of 8,211 (0.01%)

Towanda - Enrolled 178 of 6,991 (2.55%)

<sup>1/</sup> Staffing information is as of the end of Program Year 1986 (June 30, 1987)

EXHIBIT 9  
(continued)

Referred to Supportive Services - 6,031 of 135,021 (4.47%)

Wellsboro - Referred 63 of 4,349 (1.45%)

Allentown - Referred 1,206 of 16,246 (7.42%)

Region III - Southcentral

Counseled - 1,890 of 76,277 (2.48%)

Harrisburg - Counseled 122 of 18,396 (.66%). No employment counselor Is

Gettysburg - Counseled 209 of 3,076 (6.79%). 1 employment counselor I

York - Counseled 448 of 16,957 (2.64%). 1 employment counselor I

Tested - 4,709 of 76,277 (6.17%)

Chambersburg - Tested 142 of 7,952 (1.79%)

Lancaster - Tested 1,967 of 15,118 (13.01%)

Enrolled in Training - 632 of 76,277 (0.83%)

Lancaster - Enrolled 4 of 15,118 (0.03%)

York - Enrolled 536 of 16,957 (3.16%)

Referred to Supportive Services - 6,787 of 76,277 (8.90%)

Gettysburg - Referred 229 of 3,076 (7.44%)

Lancaster - Referred 445 of 15,118 (2.94%)

Harrisburg - Referred 1,588 of 18,396 (8.63%)

Region IV- Northcentral

Counseled - 1,001 of 57,221 (1.75%)

Sunbury - Counseled 37 of 8,417 (0.44%). No employment counselor Is  
State College - Counseled 272 of 9,095 (2.99%). 1 employment counselor I

Berwick - Counseled 301 of 6,672 (4.51%). 2 employment counselor Is

Lewistown - Counseled 357 of 7,045 (5.07%). 1 employment counselor I

Tested - 6,795 of 57,221 (11.88%)

Berwick - Tested 63 of 6,672 (0.94%)

Sunbury - Tested 1,666 of 8,417 (19.8%)

Williamsport - Tested 1,858 of 13,127 (14.15%)

EXHIBIT 9  
(continued)

Enrolled in Training - 85 of 57,221 (0.15%)

Williamsport - Enrolled 1 of 13,127 (0.008%)  
Berwick - Enrolled 2 of 6,672 (0.03%)  
State College - Enrolled 39 of 9,095 (0.43%)

Referred to Support Services - 4,679 of 57,221 (8.18%)

Shamokin - Referred 123 of 5,553 (2.22%)  
Philipsburg - Referred 1,018 of 5,570 (18.28%)

Region V - West Southcentral

Counseled - 1,442 of 101,479 (1.42%)

Clearfield - Counseled 372 of 7,342 (5.07%). No employment counselor Is  
Du Bois - Counseled 495 of 8,461 (5.85%). 1 employment counselor I  
Johnstown - Counseled 552 of 17,874 (3.09%). 1 employment counselor I

Tested - 3,447 of 101,479 (3.4%)

Waynesburg - Tested 1 of 6,030 (0.02%)  
Altoona - Tested 329 of 20,389 (1.61%)  
Somerset - Tested 935 of 9,019 (10.37%)

Enrolled in Training - 625 of 101,479 (0.62%)

Huntingdon - Enrolled 0 of 6,367 (0%)  
Johnstown - Enrolled 0 of 17,874 (0%)  
Du Bois - Enrolled 215 of 8,461 (2.54%)

Referred to Support Services - 8,607 of 101,479 (8.48%)

Huntingdon - Referred 184 of 6,367 (2.89%)  
Johnstown - Referred 1,477 of 17,874 (8.26%)  
Altoona - Referred 1,379 of 20,389 (6.76%)  
Waynesburg - Referred 1,685 of 6,030 (27.94%)

Region VI - West

Counseled - 3,502 of 224,508 (1.56%)

New Kensington - Counseled 175 of 12,553 (1.39%). 1 employment counselor I  
Indiana - Counseled 447 of 11,475 (3.90%). 1 employment counselor I  
North Pittsburgh - Counseled 659 of 25,015 (2.63%). 1 employment counselor I  
Washington - Counseled 869 of 24,159 (3.60%). 1 employment counselor I

EXHIBIT 9  
(continued)

Tested - 7,339 of 224,508 (3.27%)

McKeesport - Tested 69 of 19,003 (0.36%)  
Pittsburgh, East - Tested 79 of 34,078 (0.23%)  
Kittanning - Tested 1,422 of 11686 (12.17%)  
North Pittsburgh - Tested 1,748 of 25,015 (6.99%)

Enrolled in Training - 948 of 224,508 (0.42%)

Butler - Enrolled 4 of 13,285 (0.03%)  
Washington - Enrolled 306 of 24,159 (1.27%)

Referred to Support Services - 15,875 of 224,508 (7.07%)

Kittanning - Referred 309 of 11,686 (2.64%)  
East Pittsburgh - Referred 1,699 of 34,078 (4.99%)  
Greensburg - Referred 2,700 of 22,112 (12.21%)

Region VII - Northwest

Counseled - 378 of 80,070 (0.47%)

Bradford - Counseled 376 of 5,364 (7.0%). 1 employment counselor I

Tested - 2,490 of 80,070 (3.11%)

Coudersport - Tested 47 of 2,444 (1.92%)  
Erie - Tested 196 of 21,679 (0.90%)  
Bradford - Tested 460 of 5,364 (8.58%)  
Sharon - Tested 595 of 12,812 (4.64%)

Enrolled in Training - 1,114 of 80,070 (1.39%)

Oil City - Enrolled 24 of 10,000 (0.24%)  
Erie - Enrolled 42 of 21,679 (0.19%)  
Meadville - Enrolled 301 of 10,820 (2.78%)

Referred to Supportive Services - 6,977 of 80,070 (8.71%)

St. Marys - Referred 173 of 5,547 (3.12%)  
Erie - Referred 551 of 21,679 (2.54%)  
Oil City - Referred 1,710 of 10,000 (17.1%)

**Source:** Developed by LB&FC staff from Department of Labor and Industry reports.



EXHIBIT 10

Selected Edited Comments from a Sample of PA Job Service  
Participants Regarding the Provision of Auxiliary Services\*

... should have more test schedule times ... (did slow the process down a little.)

An aptitude test was required for several different opportunities ... it hindered my job search for a month or so.

... said they had no place to give the test or no one qualified to give the test ... better paying places only want tested people.

... wasted time taking the tests ... did not lead to getting a job.

... think the test results should be explained ... point out a person's strong points.

... should have a test which would determine jobs you may qualify for other than those you have been involved in.

... services were never explained ... one is made to fill out a form and then just wait in one line after another ...

... interviewer did not stress any services available to me. ... nothing was explained ... only that I had to sign up.

Although I was referred to a few employers ... I was not really aware of any other services offered.

Interview consisted of papers explaining their services...

There have never been any job counseling services available to me...

... rush you through like an assembly line ... "next number please"... never received any form of what I would consider counseling.

... should offer more insight into obtaining a position ... offer some re-sume services or helpful information.

... should be made aware of available training for certain jobs in order to successfully change vocations.

... seem to be very busy people ... too busy to help all the people who go in there ... they need more help.

... offer classes in computer training, etc. (if not at no cost at minimal cost to participants) ... should have more counselors on hand to discuss job related problems.

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\*/Developed by LB&FC staff based upon questionnaire responses received.

EXHIBIT 10

Selected Comments from a Sample of PA Job Service Participants  
Regarding the Provision of Auxiliary Services  
(Continued)

- ... very thorough interview ... included questions on my interests and skills.
- ... job training program has been rewarding.
- ... told me about my VA benefit ...
- ... one day school on how to look for work and help on interviews was very helpful.
- ... helped me find out the qualifications I needed to be a secretary.

E. LACK OF A CLEAR, DEFINED ROLE OF THE JOB SERVICE

FINDING: The Pennsylvania Job Service is characterized by uncertainty and lack of clear definition as to its current and future role in relation to other public and private programs designed to aid the unemployed and underemployed and Pennsylvania's employers. The state statute pertaining to a free public employment office system was originally enacted in 1915 and does not specifically pertain to the current economic and training environment in Pennsylvania. The Job Service was closely controlled by federal law and regulations through the early 1980s, but action by the federal government changed the complexion of federal control. This action in 1982 permitted states greater leeway in administering employment service programs and allowed them to determine the applicable policies and procedures pertaining to administration of this important federally funded program. The Pennsylvania state government has been slow to take advantage of this opportunity to tailor Job Service specifically to meet Pennsylvania's needs. The Department of Labor and Industry is, however, cognizant of the need for action in this area and has taken a number of steps during the past year to redirect the Job Service and to coordinate its activities with related programs such as the Job Training Partnership Act and local economic development efforts. One important step by the Department of Labor and Industry was to develop for the first time a joint "Employment and Training Plan" for the Job Service and the Job Training Partnership Act to cover the period July 1, 1988, through June 30, 1990. As indicated in this plan, there is now recognition that the "... major mission of programs and services provided under the Job Training Partnership Act and the Wagner-Peyser Act [the basic federal statute pertaining to Job Service] is to help Pennsylvanians get jobs. ... beginning with program year 1988, a joint planning process has been initiated to ensure that programs under both acts fulfill their mission in a coordinated and effective manner. ... the joint plan ... represents a major step in ... [improving] ... Pennsylvania's employment and job training system through increased coordination and better use of existing resources." Another very significant development is a plan first proposed by the Department of Labor and Industry in late 1987 to create a series of "Job Centers" throughout the Commonwealth. According to the Department of Labor and Industry, "... a Job Center is a bringing together of various agencies in order to better serve the public. It is a network and/or collocation of various resources which offer a full range of services such as job information and referral, training, job readiness, counseling, testing, financial support, unemployment, and other services which are now available from separate agencies." There were five operating Job Centers as of early June 1988. A third important initiative by the Department of Labor and Industry is a planned reorganization of the Department which will include a relocation of the Job

Service within the Department so that it will be collocated administratively with the Job Training Partnership Act, apprenticeship and training programs, and other related training and job service efforts. Please see Exhibit 11 for the portion of the proposed reorganization involving the Job Service and the Job Training Partnership Act (Job Centers and Employment Security). These steps by the Department of Labor and Industry represent attempts to modernize the direction and activity of the Job Service and attempts to define its future mission and role.<sup>1/</sup> Noticeably absent in this process, however, is formal involvement from the Pennsylvania General Assembly. Job Service administrators do not have the benefit of official action by the Pennsylvania General Assembly since no recent state statute exists and there are no state regulations pertaining specifically to the Job Service promulgated through the regulatory review process, which precludes the appropriate standing committees from participating in their review and development. Likewise, the Independent Regulatory Review Commission is absent from the process. Additionally, the initiatives and developments of the Department of Labor and Industry which are discussed above have, in some cases, taken shape and been distributed to the public through relatively brief overview statements rather than through fully developed planning documents. Furthermore, the existing manual of operations and procedures for the Job Service has not been kept up-to-date and does not reflect the latest thinking and plans for this developing role of the Job Service. Field employees of the Job Service, therefore, do not have the full benefit of up-to-date, detailed policies and procedure statements to enable them to properly carry out the new and developing directions for the Job Service. Please see Exhibit 13 for a listing of auditor observations on the Job Service's administrative documents.

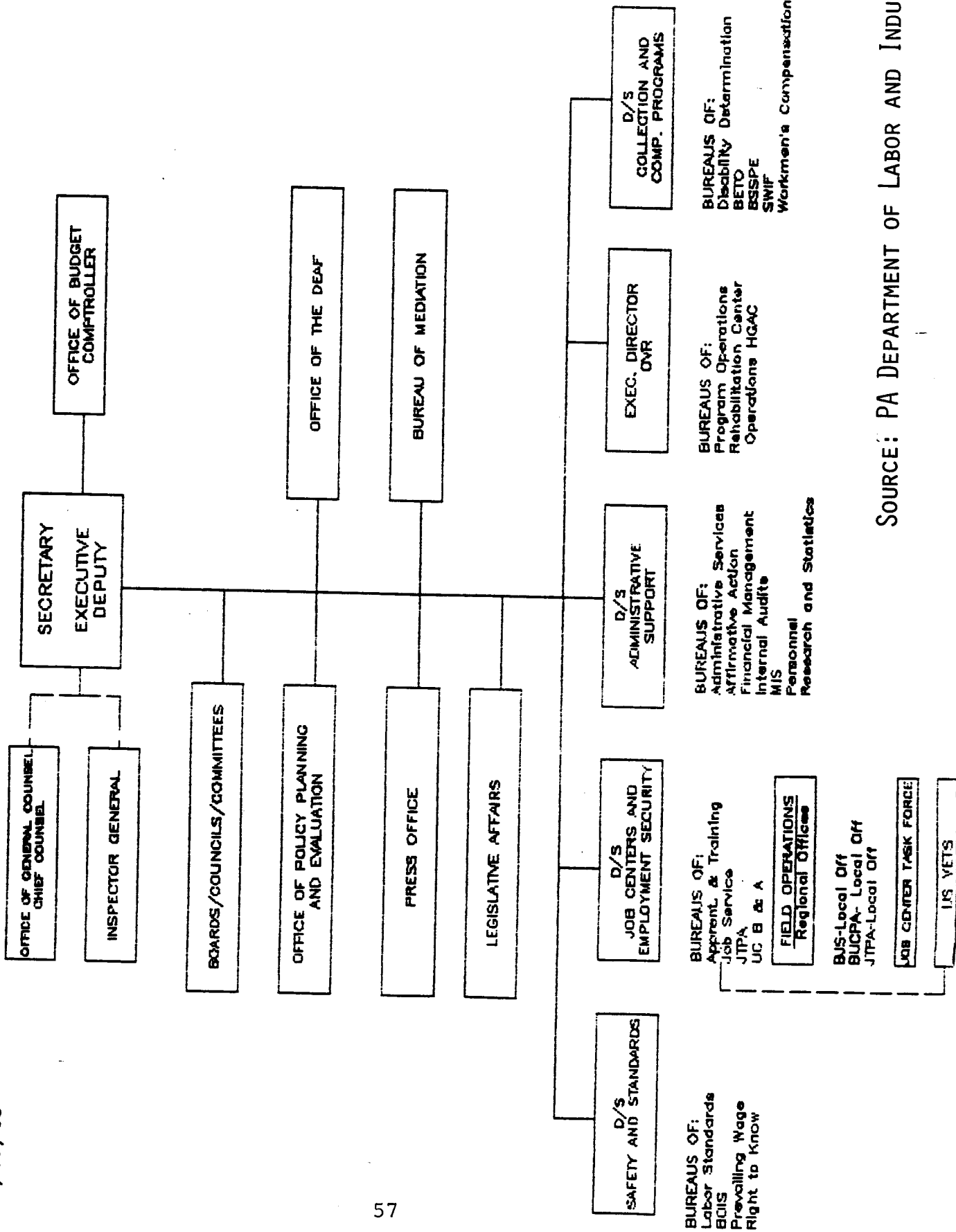
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<sup>1/</sup>The Commonwealth of Pennsylvania is not alone in its lack of clarity about the role of the Job Service. This is a current national phenomenon as well. The auditors identified a number of nationally oriented studies which deal with this issue and the debate surrounding the future role of the Job Service, including the development of a policy concerning employment security by the National Governors Association. Please see Exhibit 12 which provides selected excerpts from nationally oriented studies concerning the role and purpose of employment service programs.

"PROPOSED"  
05/09/88

EXHIBIT 11

DEPARTMENT OF LABOR AND INDUSTRY



SOURCE: PA DEPARTMENT OF LABOR AND INDUSTRY.

## EXHIBIT 12

### Selected Excerpts from Nationally Oriented Documents on Employment Services

#### National Governors' Association

- Employment security programs are a powerful tool for adapting to the rapidly changing environment. The public employment security system must ensure the provision of core services which facilitate labor market participation in every state, and must be able to respond to the adverse economic effects of national decisions upon states.
- As we enter a new era of competitiveness, the national employment security system must operate in a broader context of public and private employment policy. While the language of the following principles may appear to reference current activities, the complexities of maintaining a skilled and productive workforce demand new interrelationships among of [Sic] state employment and training activities. The employment security system should be central to developing and maintaining these interrelationships. These principles serve as the strategic framework of a new, more complex employment security system.
- Improving economic competitiveness by maximizing human potential requires a national employment security system that provides, through state employment security systems, a set of core services available to all employers and job seekers. These services are: assessment..., employment placement assistance..., referral..., information services..., and temporary income maintenance.
- Since economic conditions vary from state to state, each state should maintain management authority over its employment security system and should have the flexibility to determine the proper mix of core services.
- An effective labor exchange system will require a commitment from all sectors of the economy. The employment security system should encourage and promote public/private partnerships and the cooperation of federal, state, and local governments. The system should provide a framework for the integration of the broad array of available employment-related activities.

#### U.S. Department of Labor (U.S. D.O.L.)

- Of respondents to a U.S. D.O.L. questionnaire, 97.6% agreed that a public labor exchange will be needed in the future. Many respondents recognized the problems associated with the many and varied current responsibilities of ES [Employment Service]. They advocated streamlining the current system, or providing additional resources. A clearer mission and better defined functions were frequently mentioned as needed.
- Many respondents to this issue referenced the need to streamline the ES system and return to providing basic public labor exchange activities. Definitions of what services are or should be included in the basic labor exchange varied, however.

EXHIBIT 12

Selected Excerpts from Nationally  
Oriented Documents on Employment Services  
(Continued)

- Questionnaire respondents defined the roles of the following entities:

Federal Government (198)

\* Maintain role as is, for example, set broad national priorities, provide "general" policy guidance to States, enforce Federal mandates (63.6%).

State Government (161)

\* Maintain role as is, for example, plan, operate, and evaluate programs within broad Federal guidelines; establish goals, priorities, and objectives to address varied State/local needs (73.9%).

Local Government (108)

\* Maintain role as is, for example, continue service delivery at the local level, including advising/providing feedback to the State (77.8%).

Private Sector (147)

\* Maintain role as is, for example, maintain current level of employer advice and input and/or current relationship with private employment agencies (51.0%).

- Cooperation/coordination must be enhanced to eliminate overlaps, gaps, and inconsistencies, especially between and among ES, Unemployment Insurance (UI), and JTPA, and the various agencies that administer support services (63.3%).
- Cooperation/coordination must be enhanced...through the development of institutionalized functional integration of related services, for example, organizational rearrangements and/or formal technological linkages - "one-stop-shop" (24.5%).
- By far, the most prevalent response indicates that there is a need to enhance/encourage greater cooperation/coordination among related programs/agencies/services. ...Many stated that a delineation of primary responsibilities of related programs would be useful in eliminating duplication.

Published by the Office of Technology Assessment, U.S. Congress

- The labor exchange system that had been envisioned by the members of Congress who enacted the Wagner-Peyser Act in 1933 never developed. The Federal-State matching fund provision, which would have given the SESAs

## EXHIBIT 12

### Selected Excerpts from Nationally Oriented Documents on Employment Services (Continued)

a different basis for expressing their desire for state autonomy, was overwhelmed in magnitude of resource commitment by both the National Reemployment Service and Social Security Act Title III Federal sources of funding. This loss of fiscal control was compounded by some loss of discretion in setting service priorities, which occurred with acceptance of administrative responsibilities for UI claimants.

- ...on the average, the available data [on State Employment Security Agency (SESA) participants] portray a picture of stagnation. Applicant, job opening and placement flows have not "tracked" logical indices of USES-SESA system potential.
- The Wagner-Peyser Act stated that it was the duty of the bureau to serve all who are legally qualified to engage in gainful occupations. Unless sufficient resources were to be made available to conduct a genuine entitlement program, in which case service availability would become a right rather than a privilege, how was this mandate to be reconciled with designated target group priorities? No explicit answer to this question was offered.
- There are many reasons why a client might choose to pay a [Private Employment Agency] PEA fee, rather than using a free SESA local office. Concepts are introduced, which are useful in examining the differences in SESA and PEA organizational practices. Funding sources, clientele, staff responsibilities and administrative autonomy are all shown to be contributing factors to an explanation for the growth of the PEAs, while the SESAs languished.

#### U.S. General Accounting Office

- [N]o convincing reasons [exist] why state Employment Services could not or should not seek and make available to jobseekers the job information and assistance of private employment agencies, provided that jobseekers are not required to pay for this assistance.

Since states by and large have not made referrals to private agencies, we conclude that Labor regulations are prerequisite to such referrals being made.

Sources: National Governor's Association (NGA) Employment Security Policy, February 1988; A Reexamination of the Employment Service: Analysis of Public Comments in Response to the Federal Register Notice, U.S. Department of Labor, June 1987; Employment Service, More Jobseekers Should Be Referred to Private Employment Agencies, U.S. General Accounting Office, March 1986; and Public- and Private-Employment Agency Roles in Providing Labor Market Information and Job Search Assistance: Past, Present and Future, David W. Stevens, published by the Office of Technology Assessment, U.S. Congress, September 3, 1984.



## EXHIBIT 13

### Observations Regarding The Administrative Documents Utilized by the PA Job Service to Conduct its Operations \*/

The PA Job Service utilizes a cumbersome system of manuals, bulletins, directors' memoranda and other administrative documents to operate its programs. While the guidelines for certain special grant programs are kept in separate manuals, guidelines for all other programs and services are retained in a single multi-volume manual. Additionally, this manual is supplemented through bulletins, directors' memoranda and other administrative documents, all of which must be interrelated in order to understand the requirements and policies of the PA Job Service. Although these documents are physically accessible to all Job Service offices, the volume and lack of content organization make them somewhat confusing and difficult to use.

-the table of contents for the procedures manual and other administrative documents is approximately three inches thick.

-the procedures manual is not organized in any subject order. The auditors were informed that subject matter arrangement of the manual is based upon the order in which regulations and handbooks were received by the PA Job Service from the federal government.

-contents of the procedures manual range from the overall objectives of Job Service to the application process for unemployment compensation benefits. Contents of the bulletins and other administrative documents range from a directors memorandum on Validity Generalization (VG) Testing for Employees to a 1973 bureau bulletin concerning a dress code.

-while the central office provides a memorandum indicating manual and bulletin updates (the actual text of updates, etc. is sent out as it is generated), that memorandum is not issued on an annual basis.

-there is no specific procedure to check that the local offices are disposing of the outdated procedures, bulletins, etc., and utilizing the replacement documents. The auditors were informed that the local offices are responsible for keeping and updating the procedures manual and bulletins.

-the clearance procedure for items in these administrative documents is reportedly time-consuming. A draft copy of any proposed item to be included in the manual or as a bulletin etc. is sent to a review group (comprised of department attorneys, program directors, etc.) for approval or recommendations. Each member of the review group must respond to the document regardless of whether the individual has objections or recommendations. A shortened procedure is available for directors' memoranda which are short in duration or deadline time.

\*/ Developed by LB&FC staff based on Department of Labor and Industry information and contacts with Job Service personnel.

F. LACK OF ADEQUATE FISCAL AND PERSONNEL REPORTING MECHANISMS

FINDING: The Job Service is not subject to the annual budget review and appropriation conventions common to most other state programs. Monies for the Job Service flow directly from the federal government to the Department of Labor and Industry and are then allocated by the Department of Labor and Industry without any involvement of the General Assembly. As a result, detailed budget and expenditure information has not generally been available in a convenient manner to the General Assembly or the public. The auditors note that the Department has created a budget task force "... to make some major changes in the way that [they] handle [their] fiscal resources." The May 1988 memorandum which established the task force requested that proposals be developed in two major areas. The first proposal, as stated in the memorandum, is to outline "... an appropriate structure for a Bureau of Fiscal Management in the Department of Labor and Industry...to focus specifically on the Wagner-Peyser [Job Service] and any other stream of funding that is associated with the Office of Employment Security. Consistent with the implementation of the restructuring, [the Department] would like to be able to implement this new budget structure."<sup>1/</sup> The second proposal would "... examine the funding streams within the Office of Employment Security and propose specific methods to monitor and allocate those funds. [Department officials] expect that such an examination will involve proposing budgets for the traditional bureaus within the Office of Employment Security similar to the line items provided by the federal government a dozen years ago." Similar to budgetary information, personnel complement information indicating the personnel resources funded under a given year's budget has not generally been obtainable in a convenient format for the legislature or members of the public. Current state law would appear to exempt the Job Service from the provisions of the Administrative Code pertaining to budget reporting and complement control.<sup>2/</sup> In spite of this, state administrations, at least in recent years, have applied the Commonwealth's normal complement control mechanisms to the Job Service--that is, they have required the Job Service to obtain all necessary approvals through the Governor's Office of Administration when filling vacancies or adding new positions. The complement level assigned in this manner to the Job Service is misleading since it is not annually adjusted to account for available funding for the Job Service from the federal government.<sup>3/</sup> In fact, no convenient report exists and is available to the General Assembly and the

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<sup>1/</sup>Please see Finding E for more information on this restructuring/reorganization of the Department of Labor and Industry.

<sup>2/</sup>Please see footnote 2 on following page.

<sup>3/</sup>Please see footnote 3 on following page.

public which specifies for a given fiscal year the exact total amount of funding available for the Job Service and the exact complement level that can be financed with this budget. This results in an unrealistic picture of the complement of the Job Service in that in recent years a large number of vacancies have been carried on the complement from year-to-year even though no monies were available to fund those positions. For example, as of March 1988, the Job Service listed on its complement a total of 236 vacant positions, including many within the central office and spread throughout the local job service offices. However, according to an official of the Personnel Office of the Department of Labor and Industry, the Bureau of Job Service had submitted a Complement Authorization Report (CAR) to the Office of Administration for approval to fill only 15 of the vacant positions. The official further stated that it is the responsibility of the Bureau of Job Service to ensure that funding for such positions is available prior to submitting the CAR. No document existed, however, which specified that only these 15 vacant positions could be filled. This could obviously result in misunderstanding among program personnel at the local as well as central offices as to expectations for obtaining replacement employees. (Please see Tables 9 and 10 which illustrate the varying staff levels by local office and a comparison of the applicants by local staff personnel.) It also would seem to hinder proper management planning for use of its personnel resources. It additionally makes difficult public understanding and legislative understanding of the true complement level and, therefore, expectations for the Job Service.

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2/Monies for the PA Job Service are part of the Administration Fund created by Section 602 of the PA Unemployment Compensation Law, 1936, Second Ex. Sess., Dec. 5, P.L. (1937)2897, as amended. Section 604 of that law exempts the fund from the "...provisions of Section 214 of Article II and the provisions of Article VI of the Administrative Code of one thousand nine hundred twenty-nine, as amended..." Section 214 of the Administrative Code provides complement control requirements and Article VI is the Commonwealth Budget Procedures. Additionally, the fund would appear to be exempt from the general provisions of Act 1976-117, which require all federal funds to be specifically appropriated by the General Assembly prior to their use, as it is a statutorily created special fund with a specific purpose or purposes for which the funds can only be used and, as such, it meets the exception requirement of the Act.

3/A state's allocation of Wagner-Peyser funds is determined by the following formula (Section 6 of the Wagner-Peyser Act): two thirds is allotted on the basis of the relative number of individuals in the civilian labor force in each state as compared to the total number of such individuals in all states; and, one-third is allotted on the basis of the relative number of unemployed individuals in each state as compared to the total number of such individuals in all states. These figures are based on data for the most recent calendar year available as determined by the Secretary of Labor. Additionally, no state allotment shall be less than ninety percent of its allotment percentage for the preceding fiscal year or less than 0.28 percent of the total amount available for allotments to all states.

TABLE 9

Local Job Service Offices with the  
Highest and Lowest Applicant Per Staff  
Ratio for Program Year 1986

<u>Office</u>	<u>Filled Staff Positions June 1987</u>	<u>Total Applicants PY 1986</u>	<u>Applicant Per Staff June 1987</u>
<b>Highest Five (5)</b>			
Erie.....	12	21,679	1,806.58
Towanda.....	4	6,991	1,747.75
DuBois.....	5	8,461	1,692.20
Warren.....	4	6,700	1,675.00
Hatboro (1S, 1I) <sup>1/2/</sup> ..	9	14,983	1,664.78
<b>Lowest Five (5)</b>			
Jim Thorpe..... <sup>2/</sup> ....	7	4,699	671.29
Stroudsburg (1I) <sup>2/</sup> ....	10	5,949	594.90
Honesdale..... <sup>2/</sup> ....	6	3,532	588.67
Pittston (1S) <sup>2/</sup> .....	14	8,149	582.07
Gettysburg.....	7	3,076	439.43

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1/Satellite - A location which is permanent in nature; open an indefinite number of days per week; reports to and is staffed by a parent office, generally offers a full range of JS services; and does not have its own cost center number.

2/Itinerant (Outstation) - A location which is temporary in nature; open an indefinite number of days per week; reports to and is staffed by a parent office; offers a limited range of JS services; and does not have its own cost center number.

Source: Office of Personnel, Department of Labor and Industry and the Employment Security Automated Reporting System.

TABLE 10

Average Number of Available Applicants to Filled Positions  
in Local Job Service Offices and Regional  
as of the end of Program Year 1986

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<u>OFFICE</u>	<u>Filled Positions</u>	<u>Applicants Available</u>	<u>Applicants per Staff</u>
Region 1 - Southeast	220	244,155	1,110
Chester (1I) <sup>1/</sup>	16	19,693	1,231
Coatesville (2I)	10	11,078	1,108
Levittown (2I)	13	11,424	879
Norristown (1S)	12	16,066	1,339
Hatboro (1S 1I)	9	14,983	1,665
Upper Darby	10	11,408	1,141
Phila.-Downtown (6I)	23	27,772	1,207
Phila.-Frankford (1I)	20	20,758	1,038
Phila.-Germantown (3I)	23	22,154	963
Phila.-North (2I)	21	24,823	1,182
Phila.-Uptown (2I)	25	25,804	1,032
Phila.-Center City	14	22,694	1,621
Phila.-West (5I)	24	30,177	1,257
Region 2 - Northeast	165	135,021	818
Allentown	14	16,246	1,160
Bethlehem	10	8,211	821
Carbondale (1S 1I)	10	7,301	730
Easton (1S)	10	7,909	791
Hazleton	9	7,941	882
Honesdale	6	3,532	589
Jim Thorpe	7	4,699	671
Pittston (1S)	14	8,149	582
Pottsville (1S)	11	10,102	918
Reading	18	15,488	860
Scranton	15	14,370	958
Stroudsburg (1I)	10	5,949	595
Tamaqua	5	3,950	790
Towanda	4	6,991	1,748
Wellsboro	5	4,349	870
Wilkes Barre (1I)	17	15,731	925
Region 3 - Southcentral	93	76,277	820
Carlisle	8	7,326	916
Chambersburg (1I)	10	7,952	795
Gettysburg	7	3,076	439
Harrisburg (4I)	15	18,396	1,226
Lancaster (1I)	19	15,118	796
Lebanon	12	8,975	748
York (1S 1I)	22	16,957	771

TABLE 10

Average Number of Available Applicants to Filled Positions  
in Local Job Service Offices and Regional  
as of the end of Program Year 1986

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(continued)

<u>OFFICE</u>	<u>Filled Positions</u>	<u>Applicants Available</u>	<u>Applicants per Staff</u>
Region 4 - Northcentral	58	57,221	987
Berwick	8	6,672	834
Lewistown	8	7,045	881
Lock Haven	4	5,615	1,404
Philipsburg	4	5,570	1,393
Shamokin (1I)	5	5,553	1,111
State College (1I)	9	9,095	1,011
Sunbury	9	8,417	935
Williamsport	11	13,127	1,193
Region 5 - West Southcentral	83	101,479	1,223
Altoona	13	20,389	1,568
Bedford	6	5,319	887
Clearfield	8	7,342	918
Connellsville	7	11,044	1,578
DuBois	5	8,461	1,692
Huntingdon	7	6,367	910
Johnstown	15	17,874	1,192
Somerset	8	9,019	1,127
Uniontown	9	14,769	1,641
Waynesburg	5	6,030	1,206
Region 6 - Western	194	224,508	1,157
Ambridge	8	9,240	1,155
Beaver Falls	10	14,460	1,446
Butler (1S 2I)	9	13,285	1,476
Carnegie (1S 1I)	11	15,064	1,369
Greensburg (1S 2I)	20	22,112	1,106
Indiana (3I)	14	11,475	820
Kittanning (1S)	8	11,686	1,461
McKeesport	14	19,003	1,357
New Castle	8	11,596	1,450
New Kensington	11	12,553	1,141
Washington (1S)	17	24,159	1,421
Pgh - North (1S)	22	25,015	1,137
Pgh - East (1S 1I)	25	34,078	1,363
Pgh - South	17	17,645	1,038

TABLE 10

Average Number of Available Applicants to Filled Positions  
in Local Job Service Offices and Regional  
as of the end of Program Year 1986

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(continued)

<u>OFFICE</u>	<u>Filled Positions</u>	<u>Applicants Available</u>	<u>Applicants per Staff</u>
Region 7 - Northwest	64	80,070	1,251
Bradford	6	5,364	894
Clarion	9	8,426	936
Coudersport	3	2,444	815
Erie	12	21,679	1,807
Meadville	7	10,820	1,546
Oil City	7	10,000	1,429
St. Marys	6	5,547	925
Sharon	10	12,812	1,281
Warren	4	6,700	1,675
LOCAL OFFICE TOTAL	877	903,435	1,030

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1/Job Service local office staff may also be required to operate satellite offices (designated by an S) and itinerant/outstation offices (designated by an I). A satellite office is a location which is permanent in nature; open an indefinite number of days per week; reports to and is staffed by a parent office, generally offers a full range of JS services; and does not have its own cost center number. An itinerant/outstation office is a location which is temporary in nature; open an indefinite number of days per week; reports to and is staffed by a parent office; offers a limited range of JS services; and does not have its own cost center number.

Source: Developed by LB&FC staff based on data provided by the Department of Labor and Industry.

V. BACKGROUND DESCRIPTIVE INFORMATION ABOUT THE PA JOB SERVICE IN THE DEPARTMENT OF LABOR AND INDUSTRY

The United States Employment Service (USES) was established by the Wagner-Peyser Act of 1933, P.L. 1933-30, as amended by P.L. 97-404 (1982), 29 U.S.C. §49 et seq., to "...promote the establishment and maintenance of a national system of public employment offices...." The activities of USES are financed principally with federal unemployment taxes collected from employers under the Federal Unemployment Tax Act (26 U.S.C.A. §3301 et seq.). The activities include, among others, job search and placement services, counseling, testing, occupational and labor market information, assessment and referral to employers. Additionally, ten percent of the sums allotted to each state pursuant to Section 6 of the Wagner-Peyser Act are to be reserved for use by the Governor of each state to provide performance incentives for public employment offices and programs and services for groups with special needs.

The Department of Labor & Industry, as the designated agency to administer the employment service in Pennsylvania "...submit[s] to the Secretary of Labor detailed plans for carrying out the provisions of this Act within such State." The Wagner-Peyser Act goes on to state that, "...such plans shall be transmitted to the State job training coordinating council (established under such Act) which shall certify such plans if it determines...that such plans are consistent with the Governor's coordination and special services plan under the Job Training Partnership Act...."

The two distinct functions of the federally supported employment service include labor-exchange functions such as making employer visits, taking job orders and interviewing, counseling and testing job seekers; and nonlabor-exchange functions which do not directly relate to finding jobs or attracting qualified applicants such as migrant and seasonal farm workers' housing inspections, alien labor certifications and unemployment insurance work test verifications.

The program year 1987 goal for the Office of Employment Security within the Department of Labor and Industry was to "...enhance the coordination of all available resources in order to maximize local and state economic development efforts to provide meaningful job training and placement assistance to Pennsylvanians that results in gainful employment." The objectives established to attain the goal include, for example, the development of a close working relationship with each JTPA Service Delivery Area and Private Industry Council and the provision of a central point in the community at which applicants seeking employment can file an application for work and employers seeking workers can have ready access to the community's largest and most centralized labor supply. The objectives also include the assurance that the type and range of services match the employment needs of individuals and the community and that all Job Service activity is directed towards the principal goal of job placement.

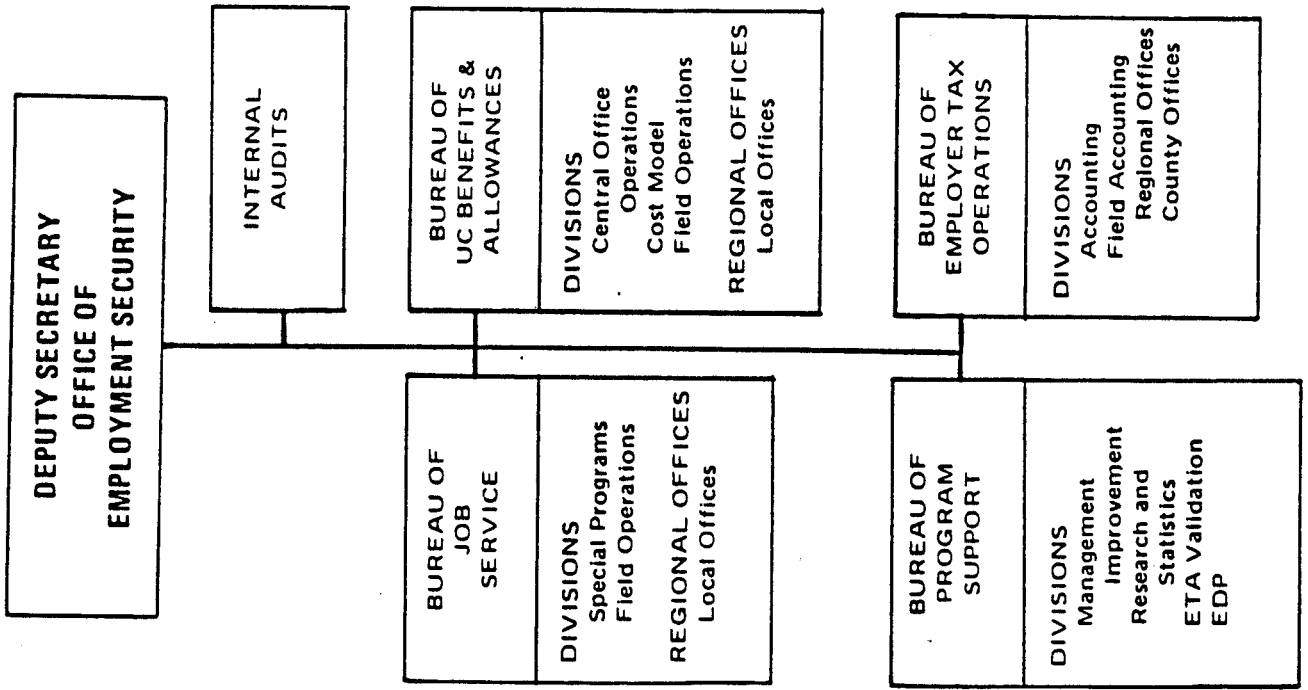
The Job Service is administered primarily through the Bureau of Job Service within the Office of Employment Security. Please see Exhibits 14 and 15 for



the organizational location of the Office and the Bureau within the Department of Labor & Industry. Please also see Table 11 which details the staffing configuration of the Bureau of Job Service. The staffing level of the Bureau as of March 31, 1988, was 1,188.

The Job Service is 100% federally funded (by several programs) and Pennsylvania received \$42,923,400 in Program Year 1987 to administer the program. The anticipated funding level of Program Year 1988, which begins July 1, 1988, is \$44,525,963 (please see Table 12).

[Please also see Section II, Exhibit C of the March 1988 LB&FC interim report on the PA Job Service which provides certain additional background information.]



Source : PA Dept. of Labor and Industry.

EXHIBIT 15

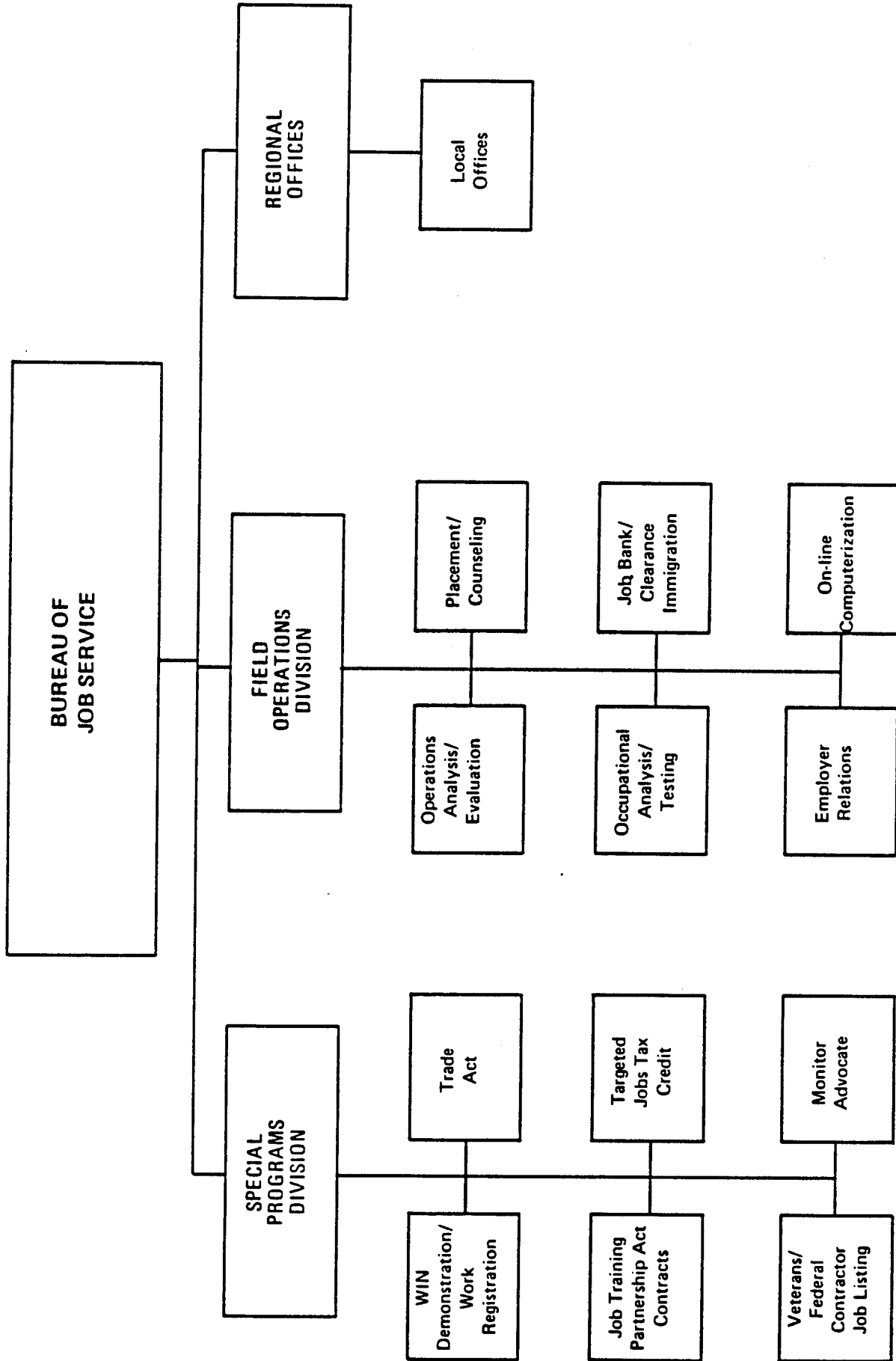


TABLE 11

Salaried Staff Complement of the Bureau of Job Service as of March 30, 1988<sup>a/</sup>

<u>Central Office</u>	<u>Filled</u>	<u>Leave Without Pay</u>	<u>Vacant</u>	<u>Total</u>
Bureau of Job Service, Director's Office.....	2	0	0	2
Field Operations Division.....	2	0	0	2
Placement.....	3	0	1	4
Employer Relations Unit.....	3	0	2	5
Occupational Analysis and Testing Center.....	5	0	1	6
Operational Analysis and Evaluation Section.....	1	0	1	2
Administrative Support.....	2	0	1	3
Special Program Division.....	2	0	0	2
Veteran Services & Federal Contractor Job Listing..	4	0	0	4
Targeted Job Tax Credit.....	1	0	1	2
Contract Section.....	3	0	0	3
Win Section.....	3	0	0	3
Counseling Section.....	2	0	0	2
Trade Readjustment Act Section.....	3	0	1	4
Job Bank, Job Match Section.....	2	0	3	5
Monitor Advocate and Rural Services.....	<u>4</u>	<u>0</u>	<u>0</u>	<u>4</u>
Subtotal.....	42	0	11	53
<u>Region 1</u>				
Philadelphia Regional Office - Job Service.....	13	0	3	16
Chester - Job Service.....	16	0	4	20
Coatesville - Job Service.....	8	0	6	14
Levittown - Job Service.....	10	0	8	18
Norristown - Job Service.....	12	1	9	22
Hatboro - Job Service.....	10	0	8	18
Upper Darby - Job Service.....	11	0	5	16
Philadelphia Downtown - Job Service.....	23	0	2	25
Philadelphia Frankford - Job Service.....	16	0	6	22
Philadelphia Germantown - Job Service.....	19	1	6	26
Philadelphia - Job Bank - Job Service.....	7	0	1	8
Philadelphia North - Job Service.....	19	1	5	25
Philadelphia Uptown - Job Service.....	26	0	4	30
Philadelphia WIN - Job Service.....	14	0	2	16
Philadelphia West - Job Service.....	<u>25</u>	<u>0</u>	<u>6</u>	<u>31</u>
Subtotal.....	229	3	75	307

TABLE 11

Salaried Staff Complement of the Bureau of Job Service as of March 30, 1988<sup>a/</sup>  
(Continued)

<u>Region 2</u>	<u>Filled</u>	<u>Leave Without Pay</u>	<u>Vacant</u>	<u>Total</u>
Allentown Regional Office - Job Service.....	9	0	3	12
Allentown - Job Service.....	14	0	3	17
Bethlehem - Job Service.....	8	0	2	10
Carbondale - Job Service.....	10	0	1	11
Easton - Job Service.....	9	0	2	11
Hazleton - Job Service.....	7	0	3	10
Honesdale - Job Service.....	5	0	2	7
Jim Thorpe - Job Service.....	7	0	0	7
Pittston - Job Service.....	13	0	1	14
Pottsville - Job Service.....	11	0	1	12
Reading - Job Service.....	18	0	2	20
Scranton - Job Service.....	14	0	5	19
Stroudsburg - Job Service.....	11	0	2	13
Tamaqua - Job Service.....	4	1	2	7
Towanda - Job Service.....	7	0	2	9
Wellsboro - Job Service.....	5	1	1	7
Wilkes-Barre - Job Service.....	<u>17</u>	<u>1</u>	<u>4</u>	<u>22</u>
Subtotal.....	169	3	36	208
<u>Region 3</u>				
York Regional Office - Job Service.....	5	0	1	6
Carlisle - Job Service.....	8	0	0	8
Chambersburg - Job Service.....	9	0	2	11
Gettysburg - Job Service.....	7	0	3	10
Harrisburg - Job Service.....	10	0	11	21
Lancaster - Job Service.....	18	0	6	24
Lebanon - Job Service.....	11	0	2	13
York - Job Service.....	<u>22</u>	<u>1</u>	<u>2</u>	<u>25</u>
Subtotal.....	90	1	27	118
<u>Region 4</u>				
Williamsport Regional Office - Job Service.....	5	0	0	5
Berwick - Job Service.....	8	0	0	8
Lewistown - Job Service.....	7	0	2	9
Lock Haven - Job Service.....	5	0	3	8
Philipsburg - Job Service.....	5	0	2	7
Shamokin - Job Service.....	6	0	1	7
State College - Job Service.....	9	0	2	11
Sunbury - Job Service.....	9	0	0	9
Williamsport - Job Service.....	<u>10</u>	<u>0</u>	<u>4</u>	<u>14</u>
Subtotal.....	64	0	14	78

TABLE 11

Salaried Staff Complement of the Bureau of Job Service as of March 30, 1988<sup>a/</sup>  
(Continued)

<u>Region 5</u>	<u>Filled</u>	<u>Leave Without Pay</u>	<u>Vacant</u>	<u>Total</u>
Altoona Regional Office - Job Service.....	7	0	0	7
Altoona - Job Service.....	11	0	4	15
Bedford - Job Service.....	6	0	0	6
Clearfield - Job Service.....	7	0	2	9
Connellsville - Job Service.....	8	0	0	8
DuBois - Job Service.....	6	0	2	8
Huntingdon - Job Service.....	7	0	0	7
Johnstown - Job Service.....	15	0	1	16
Somerset - Job Service.....	6	0	6	12
Uniontown - Job Service.....	7	0	2	9
Waynesburg - Job Service.....	<u>6</u>	<u>0</u>	<u>2</u>	<u>8</u>
Subtotal.....	86	0	19	105
 <u>Region 6</u>				
Pittsburgh Regional Office - Job Service.....	11	0	3	14
Ambridge - Job Service.....	8	0	0	8
Beaver Falls - Job Service.....	10	0	1	11
Butler - Job Service.....	9	0	3	12
Carnegie - Job Service.....	10	0	5	15
Greensburg - Job Service.....	19	1	1	21
Indiana - Job Service.....	13	0	0	13
Kittanning - Job Service.....	8	0	2	10
McKeesport - Job Service.....	13	1	3	17
New Castle - Job Service.....	8	0	3	11
New Kensington - Job Service.....	10	0	3	13
Washington - Job Service.....	15	0	3	18
Pittsburgh North - Job Service.....	21	0	4	25
Pittsburgh Job Bank - Job Service.....	4	0	1	5
Pittsburgh East - Job Service.....	21	1	5	27
Pittsburgh South - Job Service.....	<u>17</u>	<u>0</u>	<u>2</u>	<u>19</u>
Subtotal.....	197	3	39	239

TABLE 11

Salaried Staff Complement of the Bureau of Job Service as of March 30, 1988<sup>a/</sup>  
(Continued)

<u>Region 7</u>	<u>Filled</u>	<u>Leave Without Pay</u>	<u>Vacant</u>	<u>Total</u>
Erie Regional Office - Job Service.....	4	0	0	4
Bradford - Job Service.....	6	0	0	6
Clarion - Job Service.....	7	0	2	9
Coudersport - Job Service.....	3	0	1	4
Erie - Job Service.....	13	0	3	16
Meadville - Job Service.....	7	0	1	8
Oil City - Job Service.....	7	0	1	8
St. Marys - Job Service.....	5	0	3	8
Sharon - Job Service.....	10	0	2	12
Warren - Job Service.....	<u>3</u>	<u>0</u>	<u>2</u>	<u>5</u>
Subtotal.....	65	0	15	80
Total.....	<u>942</u>	<u>10</u>	<u>236</u>	<u>1,188</u>

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<sup>a/</sup>Vacant positions are maintained on the Central Management Information Center (CMIC) personnel reports. Not all of these vacancies, however, are considered to be funded. (Please see Finding F.) In addition, an authorization to fill these vacancies must be obtained from the Office of Administration by the Job Service. As of late April 1988 there were only 15 requests to fill vacancies in the Job Service pending authorization from the Office of Administration.

Source: Department of Labor and Industry, Bureau of Personnel.

TABLE 12  
Job Service Funding

<u>Funding Source</u>	<u>PY 87 Funding (as of Sept. 1987)</u>	<u>PY 88 Projected Funding</u>
Wagner Peyser 7A.....	\$28,311,000	\$26,626,451
Wagner Peyser 7B <sup>1/</sup> .....	1,038,900	1,258,476
LVER (VETS).....	3,192,000	2,700,000
DVER (VETS).....	3,670,800	3,600,000
Test Development.....	159,600	160,000
Labor Certification.....	359,100	500,000
Targeted Jobs Tax Credit.....	1,276,800	1,200,000
Trade Readjustment Assistance Program.....	997,500	1,000,000
JTPA.....	718,200	650,000
Welfare.....	3,000,000	2,800,000
SPOC (Welfare).....	199,500	750,000
Supplemental Funds.....	<u>-0-</u>	<u>3,281,036<sup>2/</sup></u>
TOTAL.....	<u>\$42,923,400</u>	<u>\$44,525,963</u>

Source: PA Department of Labor and Industry.

1/Includes \$119,700 EIP (state tax credit program), \$319,200 Dislocated Worker Program, \$600,000 Welfare Employment and Training Programs in PY 87.

2/According to Labor and Industry officials, the amount shown here may not be available from federal sources during Program Year 1988; it represents the amount of money that would be required for the Job Service to maintain operations at the same level during Program Year 1988 as during Program Year 1987.



## VI. AUDIT METHODOLOGY AND ACTIVITIES

The preliminary survey phase of the Legislative Budget and Finance Committee performance audit of the PA Job Service was carried out during the period December 1987 to March 1988. Certain activities conducted by the auditors during this period which culminated in development of an interim report published in March 1988 included a review of pertinent Federal and Commonwealth statutes; dissemination of questionnaires to Job Service employees, applicants and PA employers who had listed a job with the Job Service; contacts with employment placement related associations; and other information gathering activities via interviews with key Department and Job Service officials, and interviews and meetings with Federal Department of Labor officials.

Some of the activities conducted by the auditors for this report included field visits to certain local Job Service offices and Regional offices; detailed examination of Department and Job Service program information pertaining to audit issue areas and an expanded analysis of statistical information and identification of program measures. Some of the information in this analysis included, for example, policy and procedure manuals, Federal G.A.O. and Department of Labor reports, Job Service performance data as maintained on the Employment Security Automated Reporting System (ESARS), financial reports, personnel reports, etc. During this time the auditors also made further contact with and received other statistical information from other Federal and state departments and agencies involved in employment and training issues and attended a training seminar sponsored by the Department of Labor and Industry. The auditors also continued dialogue with pertinent Job Service officials.

This report will be followed by an additional audit report (planned for late September 1988) which will contain audit findings and recommendations dealing with additional aspects of the state employment service system.

[Please also see Exhibit F of the March 1988 interim report on a Performance Audit of the PA Job Service for more details on preliminary survey audit methodology and activities.]



**APPENDICES**



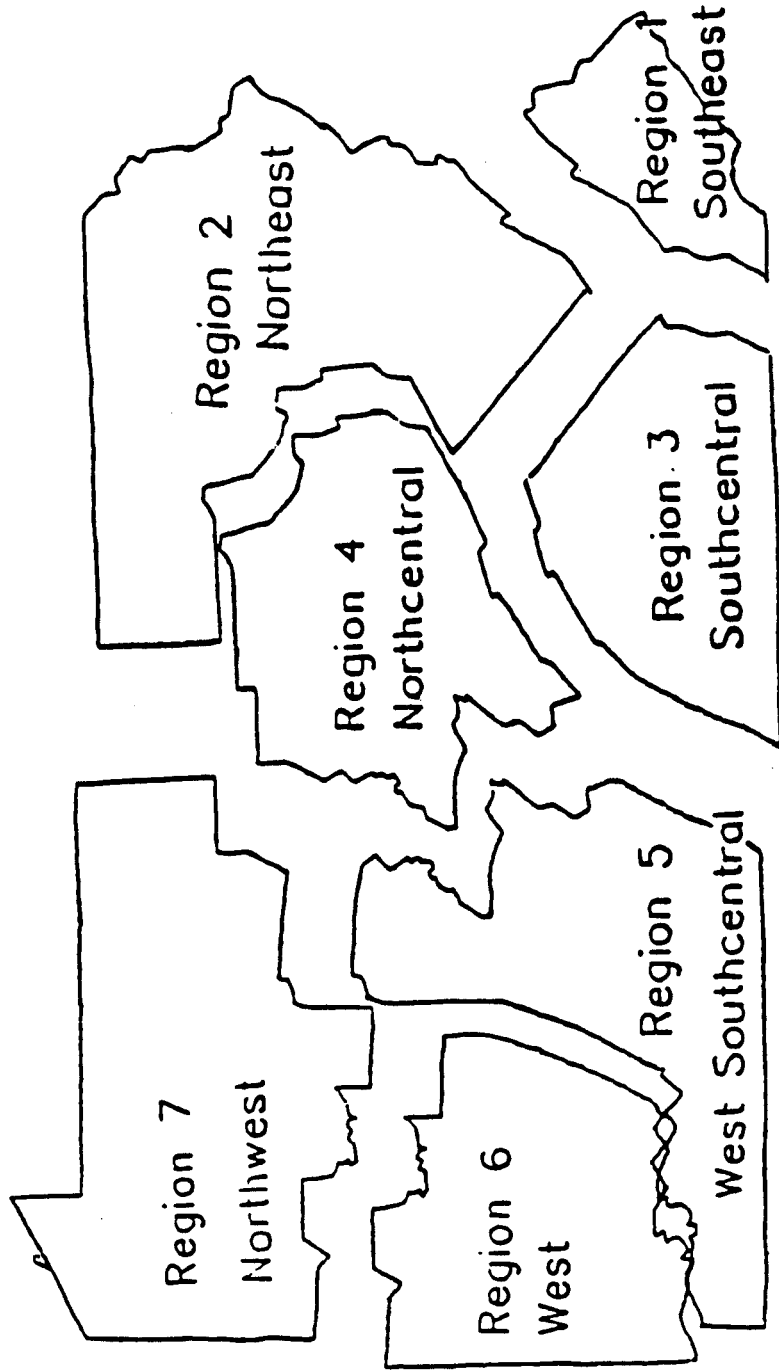
APPENDIX A

MAP OF JOB SERVICE REGIONS



APPENDIX A

# Job Service Regions



Source: Developed by LB&FC staff based upon information provided by the Department of Labor and Industry.





APPENDIX B

RESPONSE OF THE PA DEPARTMENT OF LABOR AND INDUSTRY  
TO THIS REPORT

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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF LABOR AND INDUSTRY  
HARRISBURG, PENNSYLVANIA 17120

THE SECRETARY

June 20, 1988

Mr. Richard D. Dario  
Executive Director  
Legislative Budget and Finance Committee  
Room 400, Finance Building  
Harrisburg, Pennsylvania 17105

Dear Mr. Dario:

Thank you for providing me with the opportunity to review and comment on your Report on a Performance Audit of the Pennsylvania Job Service. The report contains useful information and insights and reinforces Governor Casey's strong commitment to improve the operation and coordination of Pennsylvania's employment and training programs.

Governor Casey has undertaken a number of major actions in this area. The first step was the creation of the Education and Job Training Task Force to review all of the state's employment and training programs. The Governor established this group in order to assure that the Commonwealth makes the best use of over \$700 million in funds supporting more than 20 different education and job training programs. This Task Force's report to the Governor and the Economic Development Partnership in January of this year provides the major overall focus of our efforts to improve employment and training programs. A copy of this report is attached.

Many of the Task Force recommendations are already being implemented. For example, Executive Order 1988-7 established a cabinet level Job Training Management Committee to insure the coordination of job training programs. It is chaired by the Executive Director of the Economic Development Partnership, Secretary of Commerce Ray Christman and includes Secretary of Human Resources John White, Secretary of Education Thomas Gilhool and myself as Secretary of Labor and Industry. In addition, the Joint Jobs Initiative, a partnership effort among the Departments of Education, Human Resources and Labor and Industry, has begun to provide a range of employment, training and support services to assist welfare recipients with multiple barriers to employment.

Working with local task forces representing a broad-base of community organizations and public and private entities, we are implementing the Task Force recommendation to establish local Job Centers. These one-stop centers will provide employment and training services available through a range of

programs, including especially the Job Service, the Job Training Partnership Act program and the Office of Vocational Rehabilitation, all of which are a part of the Department of Labor and Industry. To date, we have opened five Job Centers--in Erie, McKeesport, Johnstown, Williamsport, and Honesdale--in each of which the Job Service plays a central role. Indeed all of the Job Centers opened so far are located in Employment Security Offices in which the existing Job Service operations are already located. During the next year, we expect all Employment Security Offices, including all Job Service operations, to be converted into Job Centers. The Job Centers, therefore, are the vehicles for the future improvement of both the Job Service and all the other employment, training and placement programs. I am attaching the introductory brochure on the Erie Job Center to indicate the range of services that can be made available through the one-stop service of a Job Center.

As noted in your report, the role and structure of the Job Service is not only an issue in Pennsylvania. Many states and the federal government are examining what the functions of the Job Service should be today and in the future. In fact, the U.S. Department of Labor, beginning with a series of public hearings in late 1986, is still in the process of determining the role of the nation's employment service. In addition, funding for the Job Service in Pennsylvania has been decreasing. Funding levels, distributed by the federal Wagner-Peyser Act using a formula based on unemployment levels and civilian labor force, has decreased from almost \$34.9 million in program year 1985 to an estimated \$29.6 million for program year 1988. Such decreases have made it difficult to provide consistent services and staff levels, and makes it all the more important to coordinate effectively the resources of the Job Service, the Job Training Partnership Act and other employment and training programs. By moving ahead with the Job Centers, we will put Pennsylvania ahead of federal efforts and be able to benefit best as federal priorities and resources are redefined.

As also noted in your report, we are taking other positive actions to reshape the Job Service and coordinate its efforts with other programs. Actions we are taking which coincide with your recommendations include:

- Reorganization of the Department: We are proposing to place the Job Service and the Job Training Partnership Act programs under the authority of one Deputy Secretary. We are also proposing the creation of an Office of Job Centers and Field Operations. These actions are being taken to better plan, operate and deliver employment and training services which are the responsibility of this Department as well as coordinate our efforts with other state and local programs. As a result of this action, we are developing new management strategies, priorities and objectives for all our programs including the Job Service.
- Review of Budget and Accounting Procedures: Consistent with our departmental reorganization, a Budget Task Force is to make its recommendations July 1 on the Office of Employment Security budgeting and accounting procedures. Several years ago, the Federal Department of Labor ceased to line item Wagner-Peyser funds

that went to states. While most states replaced the federal accounting system with one of their own devising, Pennsylvania did not. The purpose of the Department's Budget Task Force is to at long last replace the federal accounting system. This will enable us to better manage these programs, as well as provide consistent information on all our Department's funding sources.

- Joint Program Planning: For the first time, the Department developed a joint plan to provide services available under the Wagner-Peyser Act (Job Service) and Job Training Partnerships Act. This plan, reviewed and approved by the State Job Training Coordinating Council, provides direction and priorities for the provision of these resources. A copy of this plan, which becomes effective July 1, 1988, is attached.
- Performance Measures: We are currently in the process of developing a performance measures system that will enable us to review how all of our programs, including the Job Service, are performing in meeting major goals.

In addition to these actions, we are very interested in several other of your recommendations. These include:

- Advisory Council: While I do not think it necessary to create another council, I do think the roles of the current State Job Training Coordinating Council and the Employer Advisory Councils can be expanded to play a greater role in assisting the Department in its efforts to reorganize and manage our job training and employment programs, including the Job Service. Since the State Job Training Coordinating Council has representatives from the General Assembly and other public and private groups interested in employment and training and the Employer Advisory Council has representatives of actual users of the Job Service, I see an expansion of their roles and responsibilities as a positive way to implement your recommendation.
- Marketing Strategy: I concur with the need to make sure employers and citizens are aware of the services provided by the Job Service. Planning for such improved marketing is a key part of the plans for each Job Center. The launching for each Job Center will be a major new opportunity to communicate the improved services of the Job Service. We are involving the Employer Advisory Councils, representing 2200 employers, both in the local and statewide planning of the Job Centers including ways of interesting a larger number of employers to use the services.
- Annual Report: I also concur with the need to provide the General Assembly with information on the performance of the Job Service and we will prepare such a report in the near future, including a full account of the development of Job Centers about which I testified and submitted substantial information to our respective Committees in the General Assembly.

In summary, I think many of the management recommendations contained in the report are needed. We have begun to act on several of these and will work toward implementing others. I am not sure that there is an immediate need for a massive revision in existing legislation governing the Job Service. In fact, the time and attention needed to produce such a revision may serve to impede immediate action to follow through on implementing the management recommendations contained in the report. As such, I would suggest that members of the appropriate committees in the legislature begin a cooperative effort with the Department to make these changes administratively.

Finally, I have attached several comments on some of the finding in the report. I think some additional specifics regarding some of these findings is in order to clarify certain points and put certain items in perspective.

Again, thank you for the opportunity to review and comment on this report.

With best regards.

Sincerely,



Harris Wofford

Attachments

LB&FC STAFF NOTE:

ATTACHMENTS INCLUDED (1) THE COMMONWEALTH OF PENNSYLVANIA'S EMPLOYMENT AND TRAINING PLAN, JULY 1, 1988, TO JUNE 30, 1990, (2) PA ECONOMIC DEVELOPMENT PARTNERSHIP EDUCATION AND JOB TRAINING TASK FORCE REPORT, JANUARY 1988, AND (3) A DESCRIPTIVE BROCHURE ON THE ERIE JOB CENTER. COPIES OF THESE DOCUMENTS ARE AVAILABLE BY REQUEST FROM THE LB&FC STAFF OFFICES.

LEGISLATIVE BUDGET AND FINANCE COMMITTEE REPORT ON A PERFORMANCE  
AUDIT OF THE PENNSYLVANIA JOB SERVICE  
COMMENTS ON FINDINGS:

Finding A. An Examination of the Job Service Success Rate

The finding regarding the success rate of the Job Service should more strongly reflect the significant impact of federally funded employment programs on both the placement rate and average wage rate. Since the Job Service, consistent with federal guidelines, takes placement credit for individuals placed into subsidized employment, it has taken an active role in providing recruitment and referral services for federal employment and training programs such as the Comprehensive Employment and Training Act (CETA) and Job Training Partnership Act (JTPA). In the past few years this adds over 40,000 placements to the total reported by the Job Service.

The data used for analysis in the audit compared data from 1979 to program year 1986. From 1979 to 1982 the CETA program had a substantial public service employment program and work experience program for which, when it had a job order and made the referral, could claim placement credit. In addition, the Job Service has also provided prime sponsors under CETA and service delivery areas under JTPA the service of recruiting participants for the Summer Youth Employment Program for which placement credit is also claimed.

Because of the abolishment of public service employment, almost a total elimination of year round work experience programs, and significant reduction in the funding for the summer youth program, the number of guaranteed placements into subsidized employment made by the Job Service since the 1979 base year has dropped by well over half. Just in the past two years the summer youth placements have dropped from 45,000 in program year 1984 to 33,000 in 1987. This significant factor should be duly noted within the finding.

The second point regarding this finding concerns the staffing level for the Bureau of Job Service. To compare staffing levels in 1979 to current staffing leads to inaccurate conclusions. Early in 1979 Job Service had substantial administrative responsibilities for the CETA program. Central, Regional, and Local Office staff performed functions related to these responsibilities and staff were supported with CETA funds. In late 1979, the administration of the CETA program was reorganized and Job Service staff and CETA funds were transferred to a new organization in Labor and Industry. This action was largely responsible for the significant reduction in staff for the Job Service in 1979 and 1980. Later changes in staffing levels were largely a result of reduced federal funding. These points should be reflected in the finding.

In addition, the staffing levels used in the finding also includes staff that are assigned to other "non-placement" functions that are separately funded to provide services such as alien labor certification and state and federal tax credit certification. These programs do not decrease staff time available to provide placement services since they are separately funded.

#### Finding B. Highlights of Job Service Applicant, Job Opening and Job Placement Information

The conclusion that "most persons who obtain jobs through the PA Job Service receive jobs scheduled to pay at or near the minimum wage" while technically correct, does not take into account the effect of placements into subsidized employment.

For example, as outlined in Table 3 of the report, in program year 1986 there were 89,669 placements with opening wages of \$3.35 to \$3.84 per hour. As mentioned in the comments under finding A, there were 33,000 summer youth program participants enrolled that year, the overwhelming majority of which were paid \$3.35 per hour. A large number of JTPA work experience participants, who are also paid minimum wage, are also a factor in distorting the average wages of individuals placed by the Job Service.

The statement in this finding that the Job Service performs best for persons who are 15 years of age again substantially discounts the fact that the summer youth program's primary target population is youth between 14 and 21 years of age. The statement also ignores the fact that youth under 16 are not significant participants in the labor force because of child labor law restrictions and must rely on subsidized employment and other public services in order to locate suitable employment.

#### Finding C. Employers' Awareness and Utilization of the Job Service

As mentioned in cover letter, we recognize the need to improve the marketing of services provided by the Job Service. We plan to improve our use of employer advisory councils, which now have 2,000 private sector members, to help us design an outreach and marketing program.

The analysis regarding the categories of job openings received from employers negates the impact of the CETA/JTPA subsidized jobs that are listed with the Job Service. The majority of these would be in "Other Services" and "Clerical" occupations.

The Job Service does play an important role in providing small businesses, which often pay lower salaries than medium and large size firms, with a recruitment and screening function. Larger



companies have their own personnel or office managers that have the time and ability to perform their own recruitment. Small businesses do not have such staff and often the owner/manager must perform all functions for the business. For these employers the Job Service serves a important personnel function that would otherwise make the recruitment and selection of employees for these businesses a much more difficult task.

One other factor should be taken into account regarding this finding. Employers are only going to use the Job Service if the caliber and skill level of workers who are registered with the Job Service meet employer needs. Firms that require highly trained and skilled workers are more apt to use their own specialized methods for recruitment than attempt to find a potential candidate registered with the Job Service. With the requirement that able-bodied welfare recipients be registered with the Job Service, the pool of available workers has become disproportionately unskilled and undereducated from that of the general population. Employers are aware of this fact and use the Job Service to fill largely entry level positions.

#### Finding D. Variation in Testing, Counseling and Other Auxiliary (Employability Development) Services

This finding should note that not all tests are part of the employability development process. Some tests are used for proficiency evaluation, for example, typing or shorthand tests. Others tests are used as part of the employee selection process to determine the most suitable candidate for a particular job order. The finding combines and compares the data from these two distinct and different type of tests.

The recommendation that testing should be expanded does not take into account the needs or desires of the employer community. For example, employers that place job orders at the Norristown Local Office ask that screening tests be used while the employers who place orders at the Philadelphia Center City Office choose not to use tests as part of their selection process.

#### Finding E. Lack of a Clear, Defined Role of the Job Service

The cover letter addresses this finding.

#### Finding F. Lack of Adequate Fiscal and Personnel Reporting Mechanisms

The cover letter addresses this finding.