

An outline map of the state of Idaho is positioned on the left side of the cover, extending from the top to the bottom. The map shows the state's irregular borders, including the northern panhandle, the southern panhandle, and the jagged western border.

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CETA IN NEW MEXICO:
AN EVALUATION OF THE BALANCE OF STATE PRIME SPONSOR*

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It is the purpose of the Act to provide job training and employment opportunities for economically disadvantaged, unemployed, and underemployed persons, and to assure that training and other services lead to maximum employment opportunities and enhance self-sufficiency by establishing a flexible and decentralized system of Federal, State, and local programs.¹

With these words Congress enacted the "Comprehensive Employment and Training Act of 1973," commonly known as CETA. The legislation was the first major reform of manpower programs in over a decade, designed to consolidate seventeen separate programs into a single one to be administered by state and local governments in relative independence of federal bureaucrats. The essence of the program was Title I, "Comprehensive Manpower Services," designed to provide training and work experience in order

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"to enable individuals to secure and retain employment at their maximum capacity." Title II, "Public Employment Programs" and Title VI "Emergency Job Programs," (the latter added the following year) were established for the purpose of providing "transitional employment" in "needed public services" along with training and manpower services "to enable such persons to move into employment or training not supported" under these two titles.²

Despite its far-reaching nature, few studies of CETA exist. Those that are available attempt to generalize from a set of local or state programs across the country. In-depth studies of particular CETA programs in specific jurisdictions are rare. The purpose of this study is to help to begin to remedy this situation by evaluating the way the CETA program has been implemented in New Mexico. The analysis focuses on the "Balance of State" prime sponsor, by the largest in the state and one of the few in the nation in which the state government exercises strong control over the program. The first part of the paper briefly reviews relevant findings about the performance of the CETA program nation-wide, with an emphasis on the problems which characterize the "underperformers" among all the prime sponsors. These findings provide the background for the following sections, in which the New Mexico program is examined. The history, structure and politics of New Mexico's BOS are analyzed in the context of the state's physical, social, economic and political environments. Characteristics of CETA participants, "success rates" and unit costs are examined. The data will show that in general, New Mexico exhibits most of the problems which plague "underperformers" elsewhere, including poor organization, inadequate data collection and analysis, and politicization of decisions. The data also show that New Mexico fares rather poorly on several performance indicators in comparison with U.S. averages. However, this latter finding is not true with respect to Title II, which suggests the need for more research to determine why this is so. The paper concludes with a number of recommendations for change.

The Ceta Record.

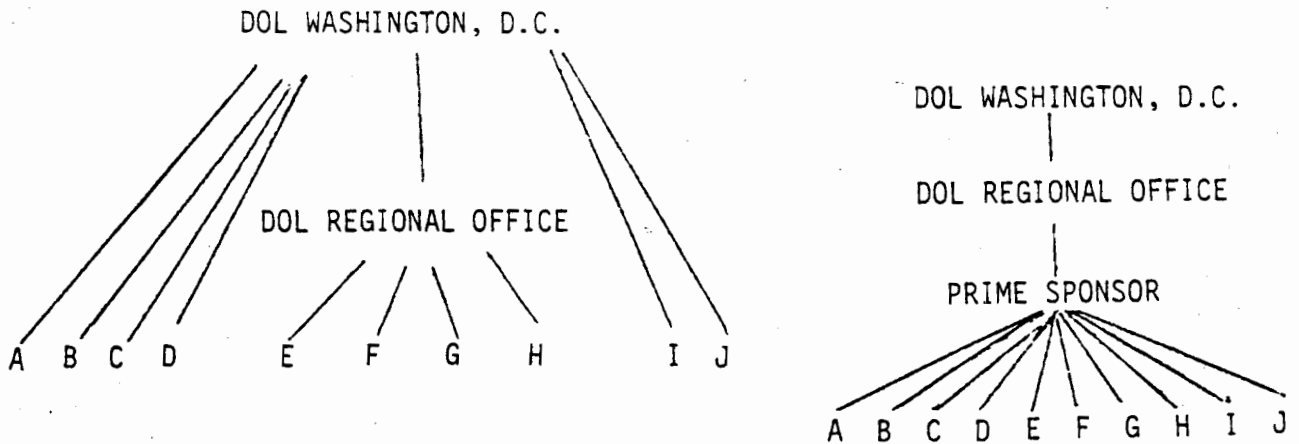
The CETA approach to manpower programs could be summarized in three words: consolidation, decategorization, and decentralization.³ The Act sought to consolidate approximately seventeen separate programs which, though overlapping in purposes and objectives, had been funded and administered in isolation from each other and had failed to provide an integrated system of manpower services. Some of these programs had even induced conflict between state and local governments and private, "non-profit" agencies which delivered manpower services in local communities under contract with the federal government. Through consolidation of separate programs into one, a more "comprehensive" attack on unemployment could be undertaken.

Second, the Act was intended to "decategorize" inflexible programs designed in Washington and establish more adaptable "block grants" in which state and local governments would choose the most appropriate mix of programs for their areas within broad parameters established by the federal government. This aspect of the program gave CETA a "revenue-sharing" flavor which was very attractive to state and local officials.

Finally, the Act was expected to decentralize decision-making in manpower programs by converting state and local governments into "prime sponsors" with substantial financial and procedural autonomy from the Department of Labor. This would bring the program closer to "the people" and facilitate citizen input and review. Local units with a population of 100,000 or more were made eligible to serve as prime sponsors. Local units with a population below the legal minimum were to be served by a "Balance of State" prime sponsor, a unit of state government chosen by the governor. State BOS could delegate the responsibility of managing the program to local units or combination of local units.

Two studies recently published suggest that during its first few years of operations the CETA program has not lived up to its expectations. These studies are: The Comprehensive Employment and Training Act. Impact on People, Places, Programs, by William Mirengoff and Lester Rindler. ⁴ The other is by Bonnie and David Snedeker, CETA: Decentralization on Trial. ⁵ While the authors of these two books are in general sympathetic to the concept of manpower programs, they found serious problems with the CETA program. Some of these problems apply to the CETA program in general while others are characteristic of a specific set of prime sponsors which fall in the "underperformers" category among all prime sponsors. The following problems were found in these two studies: ⁶

(1) CETA is not really a comprehensive program, since it encompasses only 56 percent of all manpower program expenditures. (2) Half of all local governments had had no prior experience with manpower programs before CETA; when they were suddenly given billions of dollars to administer, much of the money was spent without adequate planning or even relevant knowledge. (3) When Congress, in 1975, added Title VI to the program, many local sponsors were overwhelmed and this had a negative impact on their efforts to implement Title I, which had been the heart of the program. (4) Rather than reduce the number of manpower deliverers, the program has increased it by 20 percent. This is because the newly-created prime sponsors began to conduct their own programs at the expense of the older "employment services" agencies, state-federal hybrids which had been created in the 1930's and were now perceived to be hopelessly bureaucratic and unresponsive. (5) The "decentralization" of manpower programs from the federal to state and local levels has been offset by its centralization at the local and state levels. Figure 1 illustrates the change. Prior to CETA, manpower programs were delivered by private "non-profit" and public agencies not integrated into state and local governments; they were under the supervision of various DOL bureaus at either or both Washington and regional offices. CETA, however, while delegating authority further to local and state prime sponsors, has actually made the structure more hierarchical and the effect of introducing prime sponsors has been to add a new layer between program operators and DOL. Further, the prime sponsors have awarded sub-contracts to their own agencies, which have tended to capture the lion's share of the funds. (6) State and local governments have in many, if not most cases, used CETA as a sort of revenue-sharing program to finance positions in their own bureaucracies. (7) Moreover, the social and economic characteristics of CETA clients shows that they are not the most "needy"; in fact, the truly disadvantaged have apparently been displaced by more capable and competitive clients who are more attractive to state and local governments. (8) Title VI, because it finances public service



A-J represent manpower contractors.

FIGURE 1

jobs, is attractive to politicians and has increased their interest and involvement in manpower programs. The relation between jobs and votes has not been lost to them. Thus, patronage and evasion of civil service regulations have been made possible by Title VI in at least a few prime sponsors. (9) In large measure, the CETA program has not been integrated with employment services programs. Nationally, employment service agencies have lost ground as manpower deliverers. Only BOS prime sponsors have preserved a significant role for state employment and vocational education agencies. Thus, a new, additional structure of programs and organizations is being piled up on top of the old. (10) Contrary to expectations, there is little evidence that the public at large is becoming more involved in manpower programs. The manpower councils created for this purpose appear to be passive and ineffective. The CETA chief administrator and his staff dominate decision-making. In addition, the governor has gained greater control over the substance, as well as the procedures, of manpower programs. (11) Only one of four major CETA titles were really decategorized. Except for Title I, CETA has continued as a categorical program, and the trend is toward increasing re-categorization and re-centralization. (12) Data collection and analysis, as well as program evaluation, have been neglected in favor of administration and operations. In fact, in most cases, the program was begun without an information system in place. Most information systems remain primitive and are not used for the purpose of making management decisions.

These findings raise serious questions regarding the performance of the CETA program. While they are not conclusive, they indicate that the program is far from a smashing success. Neither decategorization, consolidation nor decentralization have been fully implemented. Inexperienced local governments were suddenly responsible for spending billions of dollars without proper knowledge or planning. Title I has been displaced in favor of the more politically attractive Title VI. The most disadvantaged sectors of the population have been neglected. A huge new tier of manpower programs and organizations is being added on top of the old. Little integration is evident. All these are serious problems. They are contrary to

the expectations which were publicly expressed in support of the CETA concept before its enactment. Whether the program can itself be "reformed" to bring about the results originally intended is an open question. By focusing on the implementation of CETA in one particular prime sponsor where most of the nationally detected problems are present, one may begin to form educated guesses regarding this crucial question. It is with this in mind that we now turn to the CETA program in New Mexico.

The New Mexico Environment. 7

To use a hackneyed phrase, New Mexico is a "land of contrasts." The state is one of the largest in the nation in terms of area (121,412 square miles) but one of the smallest in population (1,200,000 residents). About one-fourth to one-third of the state's population lives in the Albuquerque metropolitan area. Three other cities, Las Cruces, Santa Fe (the capital) and Roswell vie for second place with less than 50,000 residents each. At less than 10 people per square mile, the state has one of the lowest densities in the nation. However, 70 percent of the population is classified as "urban."

Ethnic groups which constitute national "minorities" make up half of the state's population, which is 40 percent Hispanic, 7 percent Indian, and 2 percent Black. Hispanics constitute the majority group in 14 of the state's 32 counties and are a powerful political group. The most heavily Hispanic counties are in the northern part of the state.

New Mexico is one of the poorest states in the country, although in some areas per capita income is well above the national average. Sophisticated laboratories where nuclear and space research is developed are located close to fields in which lettuce and onions are picked by migrant workers. Less than half of the state's acreage is privately owned, almost 30 percent of the workforce is employed by government and 15 percent of the population purchases food stamps. Fiscally, the state is one of the most centralized in the nation: local governments raise less than 20 percent of state-local revenues and their expenditures are closely supervised by the state government.⁸ Yet, most politicians adhere to a "conservative" philosophy.

Democrats control local government in most of the state, especially in the Hispanic areas, but Republicans occupy three of the four Congressional offices (2 Senate and 1 House seats). An important stronghold of the Democratic party is the Hispanic North, where local bosses deliver solid majorities to their party's candidates. Yet this area is represented in Congress by a "conservative" Hispanic Republican who is an expert at keeping the flow of welfare benefits running smoothly to his constituents.

The last two gubernatorial elections have been closely-fought contests in which the Democratic candidate barely beat his opponent. While Democrats fill a majority of the seats in both chambers of the state legislature, their ranks are split by personal, regional and "ideological" factionalism. On the opening day of the 1979 legislature, eleven dissident Democrats defied the Democratic caucus and elected one of their own as Speaker of the House with the support of all but one of the Republicans.

In short, New Mexico is a state of great variety in its social, economic and political conditions. Yet, despite this heterogeneity, all but one of the state's 32 counties come under a single prime sponsor responsible for the administration of the CETA program in what is known as the "Balance of State" (BOS).

The Structure and Politics of BOS. 9

New Mexico's BOS was first organized under the Governor's Office of Employment and Training Administration (GOETA). Over the years, CETA came to be divided among several state agencies. What used to be known as the Employment Security Commission -- now the Employment and Services Division of the Human Services Department -- became the principal deliverer of services and has retained a dominant administrative and operational role in the program throughout although recent changes implemented by a newly-elected governor have reduced the ESD's CETA role. Throughout the life of the program, parts of Title I have been contracted out to the Department of Education, all of Title II to the Department of Personnel, and much of Title VI to other state agencies, local governments, Indian Tribes, and dozens of "non-profit" agencies scattered all over the state. In addition, autonomous CETA offices have been maintained in at least two counties. They are given slots which in turn are contracted out to local agencies, some of which sub-contract these slots to still other agencies. Thus, over the years a complex maze of contracts and sub-contracts has developed in which CETA slots are distributed and re-distributed among agencies and organizations all over the state.

Like employment agencies everywhere, the ESD administers federal unemployment insurance and manpower programs in the state on behalf of the Department of Labor. The bulk of the agency's budget is financed with federal money, which even pays for the salaries of political appointees. The agency appears to be the exclusive province of the executive, who runs it without much legislative interference. ¹⁰ Between 1974 and 1976, the agency was headed by Rudy Ortiz, a Democratic National Committeeman who was later indicted over a bribery scandal.

The administration of BOS has been centralized in state offices in Albuquerque and Santa Fe. They are responsible for planning, evaluating proposals, awarding manpower contracts, monitoring contract performance, keeping files on participants and writing their checks, and evaluating the programs and the deliverers. Such centralization has been characterized by organizational chaos and instability, not orderly administration. Several of the offices have moved several times between Albuquerque and Santa Fe. Communication among them has been poor. Turnover among key management personnel has been high. Program-related data have been kept in several places and moved from one office to another with appalling disregard for the requirements of data collection and analysis. When a federal audit was released in mid-1978 which showed that in a random sample of over 600 files of participants who had been in the program between 1974 and 1976, documentation on the eligibility of more than one-fourth of them could not be found, the state replied that the information had been kept elsewhere. ¹¹ Thousands of individual files have accumulated but the information contained in them has not been computerized and is only used to comply with federal reporting requirements, not to make management decisions.

A "Manpower Planning Council" is, as mandated by law, responsible for overseeing the administration of the program, reviewing and evaluating the plans of the staff, and making recommendations to the governor for funding. According to two members of the council interviewed, the council routinely approves the proposals submitted by the CETA staff. This is partly the result of time pressures. For several years, the council met infrequently. Only during the last year or two has it met on a monthly basis. A couple of days before the meeting, committee members are sent a thick bundle of papers which they are expected to digest on their own. Then, they meet for a few hours and are pressured to approve the plans quickly in order to meet federal deadlines a few days away. Requests for additional information or analysis of the data receive an unsympathetic response. As one of the council members put it, "They snow you with data but do not provide you with intelligence on which to base sound decisions."

Hampering the council's role as overseer of the program is the fact that many of its 22 members represent the very agencies which act as major contractors and sub-contractors of the program -- state departments, local governments, Indian Tribes, private contractors, etc. Implicit log-rolling takes place in which no one objects to the proposals submitted by the others as long as everyone's proposal is approved. Important questions, such as well-publicized cases of nepotism and corruption are not even discussed. It thus appears that the council represents another case in which the regulators have ended up regulating themselves outside the public view.

Many CETA bureaucrats have profited handsomely from the program. Impressive titles, good pay, large staffs, fine accommodations, trips all over the state and to Washington, D.C., meetings with "important" people, the chance to be noticed by individuals with the power to bestow benefits and help one's government career -- these are among the rewards which the program has conferred upon its administrators. In 1978, for example, the main CETA office was located in a brand new building in one of Albuquerque's better neighborhoods; over 100 employees were housed there. A "Manpower Services Council" responsible for "coordinating" the several manpower programs in the state and funded by Title I, was located in the penthouse office of another new building in downtown Albuquerque with an impressive view of the city. The executive director had by then accumulated a staff of 17, including a photographer and a public relations man. Before leaving office, outgoing Secretary of HSD Fernando C. DeBaca cut the size of the staff to four. 12

Most of the CETA bureaucrats at all levels are Hispanic. For example, the minutes of a state manpower planning council meeting on July 13, 1978, show that 10 of the 12 members of the planning staff were Hispanic. Many of these Hispanic bureaucrats have family, friendship and/or political ties in the Hispanic North. According to various interviewees, this has given the program a distinct regional bias. "They take care of their own people," was the way a planning council member put it. Table 1 seems to support this view. It shows that the percent of CETA slots allocated to six northern Hispanic counties substantially exceeds their share of the state population and of the unemployed. It must be pointed out, however, that with the exception of Santa Fe, these are among the poorest counties

TABLE 1

Relative Share of the State's Population, the Unemployed and Ceta Slots
Among Six Hispanic Northern Counties of New Mexico

<u>County</u>	<u>Hispanics as Percent of the County Population</u>	<u>Percent of State Population</u>	<u>Percent of State Unemployed</u>	<u>Percent of Slots in State Sample (a)</u>	<u>Percent of 1979 Title II Slots</u>
Mora	95	.3	.4	1.0	2.8
Taos	86	1.6	2.0	4.4	8.5
Guadalupe	85	.3	.3	1.2	1.3
Rio Arriba	82	2.0	4.0	5.2	8.6
San Miguel	82	2.0	2.3	5.0	5.1
Santa Fe	65	5.4	5.3	7.2	6.8
		<u>11.6</u>	<u>14.3</u>	<u>24.0</u>	<u>33.1</u>

(a) This was a sample of individuals who had participated in Title I and II between 1974 and 1976. The sample was drawn by the State Manpower Services Council. The final report, "Interim Report on First Wave Data Collection and Analysis for the Evaluation of CEIA Title I and II Balance of State" was written by Management Consultants Unlimited, Inc., of Albuquerque.

The source for the population and employment percentages is Nex Mexico Statistical Abstract, 1975; Albuquerque: University of New Mexico. The 1979 Title II allocation information was graciously provided by a Public Services Career administrator.

in the state. Nevertheless, the target of the CETA program is the unemployed, not the poor, and, as the table shows, the share of CETA slots allocated to these counties is much greater than what their share of the unemployed would warrant.

Interviewees left no doubt that the reason the North has fared so well with the CETA program is because of politics. Since its inception, the program has been administered by Democratic Governors (Bruce King and Jerry Apodaca) and the North has provided the margin of victory for these two men. Table 2 shows the vote for the last two successful Democratic gubernatorial candidates, Jerry Apodaca and Bruce King, broken down into state vote, northern vote, and then by each of the six counties of the Hispanic North. Note that the difference between the state and the county votes ranges from 13 percent to 29 percent for Apodaca, and from 10 percent to 20 percent for King. On the average, the county vote was 15 to 20 percent higher than the state vote, which means these counties provided marginally valuable votes to the two men. One should not be surprised, then, if they allocated CETA resources to the maintenance and strengthening of political support in those areas. It is instructive that a prominent Republican politician said in an interview that in the North the CETA program has been used by local bosses as a patronage system to reward their supporters; he was candid enough to admit that local Republicans in those areas would do exactly the same thing if a Republican Governor controlled the program.

As additional evidence that politics has permeated the program, one must note that as soon as he took office, Governor Bruce King transferred CETA from the ESD to a newly-organized Manpower Planning Council right under his office, where he had it under the name of GOETA during his first term as governor, 1971-1975. Apodaca, who succeeded King, let the program drift to the ESD. These two men have been rivals for several years, and an informant interpreted King's reorganization of CETA as a "power move" designed to put his supporters in charge. Recently, King appointed a "key campaign worker" as CETA administrative assistant at an excellent salary to be paid by federal funds; he also appointed to the CETA staff an individual who served as deputy director of the ESC under Rudy Ortiz. 13

None of these revelations would surprise a political scientist. Politicians have political interests in government programs. A manpower program which "creates jobs" is bound to be used at least to some extent as a resource with which to obtain and reward political support. Taking politics out of a government program would be like trying to eliminate profit as the interest of a business enterprise. It simply cannot be done and no one should entertain illusions to the contrary. The most that can be accomplished is to minimize electoral politics in a government program; but this would simply replace electoral politics with bureaucratic politics.

The CETA program has also been used to further business interests and to put relatives, friends, and friends of friends on the public payroll. An instance of using CETA slots to further one's business career occurred in August of 1978. Less than five months before leaving office, then-Governor Apodaca established, by executive decree, a "Governor's Physical Fitness Council" and used two CETA positions to staff two of the council's three staff positions. The two people appointed were paid the maximum

TABLE 2

Percentage Vote for Democratic Gubernatorial Candidates,
 State-Wide and in the Hispanic North
 New Mexico, 1974 and 1978

<u>Candidate and Year</u>	<u>Percent State Vote</u>	<u>Average Hispanic County Vote</u>	<u>Percent Vote in Hispanic Counties</u>					
			<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
J. Apodaca, 1974	50	70	72	63	79	65	70	74
B. King, 1978	50.5	65	70	62	69	60	62	66

County code: 1 Guadalupe; 2 Mora; 3 Rio Arriba; 4 Santa Fe; 5 San Miguel; 5 Taos

Source: State of New Mexico Official Returns, 1978 General and Primary Returns, Santa Fe: Office of the Secretary of State, December 1, 1978.

then permitted, close to \$10,000 a year. ¹⁴ Apodaca is a physical-fitness enthusiast who ran the Boston marathon in 1978; he presently serves as executive director of President Carter's physical fitness council. But physical fitness is more than a hobby for Apodaca. In 1978 he set up a corporation to build and operate racket clubs in the state. Thus, one surmises that the two lucky CETA appointees were not chosen at random from the set of eligible applicants.

More serious, however, have been several well-publicized cases of nepotism and fraud. Informants revealed that during the Ortiz administration of the ESC, a number of dummy slots were created and the checks made out to fictitious participants were intercepted and cashed by those managing the scheme. Curiously, no one was ever charged for these offenses and, of course, the researcher cannot be sure that these things did, in fact, occur. But the newspapers have published several cases in which a CETA or ESD administrator put his children in the program; several other instances have been reported where individuals who plainly did not qualify were nevertheless enrolled. ¹⁵

Still more damaging information was obtained by interviewing a CETA planner in Albuquerque who charged that the accounting system has been misused in order to pay people from Titles other than the one to which they had been assigned. A number of politically well-connected people have been kept in the program for several years, shifted from Title to Title every so often, and every time they are shifted they are counted as a "positive termination." By this method, the state's civil service system has been circumvented to some extent. Again, it is difficult to determine the truth of these allegations. However, similar abuses have been reported to have taken place elsewhere, so it is not altogether impossible that they have occurred in New Mexico, too. ¹⁶

Participant Characteristics, Success Ratios and Unit Costs.

As previously mentioned, BOS has not been very conscientious about collecting, storing and analyzing valid and reliable data on the CETA program. Considerable skepticism has been expressed regarding the information that is available. As a high official associated with the program recently put it over the phone, "I would not swear on the Bible that the information is correct." In fact, he said that an on-going state audit had revealed the need to correct "discrepancies" in the files of previous years. Only quarterly reports for fiscal year 1978 (FY 78) are available.

Taking these caveats into consideration, what do the available data show about the program with regard to program mix, participant characteristics, and performance measures? Table 3 presents a percentage breakdown of expenditures and participants for Title I, II, and VI in both New Mexico and the United States. These three Titles account for 94 percent of New Mexico and 81 percent of U.S. expenditures. The New Mexico data are for the first three quarters of FY 1978 (October 1, 1977 to June 30, 1978). The expenditure data for the U.S. is for FY 1977 while the participant data are for the first quarter of FY 1978.

The data reveal that while the expenditure breakdown is similar in

TABLE 3
 Percent Distribution of CETA Expenditures and Participants
 in New Mexico's BSO and the U.S.,
 Fiscal Years 1977, 1978,
 by Title

<u>Title</u>	<u>Participants</u>		<u>Participants</u>	
	<u>New Mexico</u>	<u>United States</u>	<u>New Mexico</u>	<u>United States</u>
I	22	18	35	46
II	14	15	10	10
VI	64	67	55	44
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Source: "CETA Performance Indicators, 3rd Quarter FY 1978," prepared by the Research and Statistics Section of the Employment Services Division, August, 1978; and U.S. Congress, Senate, Comprehensive Employment and Training Act Amendments of 1978, Washington, D.C., May 15, 1978, pp. 11-12. The New Mexico data is for the first three quarters of FY 1978. The expenditure data for the U.S. is for FY 1977 and the participant data for the first quarter of FY 1978.

the U.S. and New Mexico, there is a difference in the participant breakdown. A large percentage of participants is enrolled in Title VI, and a smaller percentage in Title I in New Mexico than in the United States as a whole. This reflects a tendency to stress public service employment at the expense of training in New Mexico. Given what has been reported about the politicized nature of the New Mexico program, this finding should come as no surprise.

Public service employment has also been emphasized within Title I, as Table 4 shows. Over half of the New Mexico Title I participants were assigned to public service jobs; this compares to only two percent of Title I enrollees nation-wide. This was accomplished at the expense of classroom training. Only 16 percent of New Mexico participants received this service compared to 41 percent in the U.S. As for on-the-job training, the percentages for both the U.S. and New Mexico are equally low - 12 percent in the U.S. and 13 percent in New Mexico.

Participant Characteristics. Table 5 presents data on participant characteristics in both New Mexico and the United States. The following observations can be made regarding the data. First, females comprise a larger proportion of participants in New Mexico than in the U.S. as a whole, particularly in the two employment titles. This seems surprising, given the reputation which Hispanics have for being more "sexist" than Anglos, at least in the popular folklore.

Second, the proportion of participants with 12 or more years of schooling is greater in New Mexico than is true nationwide, a remarkable finding since the median level of school years completed by New Mexicans is slightly lower than in the U.S. -- 12 years vs. 12.4 years. This fact suggests that the New Mexico program has been less successful at serving those in greatest need than is true for the nation as a whole. Yet, how can this conclusion be reconciled with the fact that a much larger proportion of New Mexico participants are classified as "economically disadvantaged"? There are several explanations. First of all, the "disadvantaged" category is a function of two things: income and welfare status. According to the CETA sample cited in Table 1, less than 15 percent of participants in Titles I and II were on welfare at the time of enrollment. That leaves income as the determining criterion. It could be that under-reporting of income is more pervasive in New Mexico than elsewhere. It could also be that the lower per capita income in the state means that relatively more people qualify under the national guideline.

Alternatively, it could be that this is simply a function of the sex, age and marital status of participants. According to the sample cited in Table 1, only 44 percent were the primary wage earner in the family. Thus, singles, mostly women and most of them in their twenties, have filled the majority of CETA slots. Yet, single individuals who claim to live alone and who have been unemployed for a short time -- especially if they recently graduated or dropped out from college -- can qualify as "disadvantaged" since their prorated annual income would easily fall below the poverty level. Be that as it may, the relatively high level of schooling, combined with the low incidence of welfare cases along with the low percentage of heads of households among participants cast serious doubts about the utility of the "disadvantaged" category as a measure of relative hardship, at least in New Mexico.

TABLE 4
 Percentage Distribution of Title I Participants
 in New Mexico and the United States
 Fiscal Year 1978
 by Type of Activity

<u>Type of Activity</u>	<u>Jurisdiction</u>	
	<u>New Mexico BOS</u>	<u>United States</u>
Classroom Training	16	41
On-the-Job Training	13	12
Public Service Employment	53	2
Work Experience	14	39
Other	7	6
	<u>100</u>	<u>100</u>

Source: See Table 3

TABLE 5

Participant Characteristics, Titles I, II, and VI
New Mexico and the United States
Fiscal Years 1977, 1978

Characteristic	Title I		Title II		Title VI	
	New Mexico	U.S.	New Mexico	U.S.	New Mexico	U.S.
Sex						
Male	46	52	43	60	59	64
Female	54	48	57	40	41	36
Age						
Under 22	39	52	23	20	22	20
22-44	52	41	65	64	65	65
45 or over	9	7	12	16	13	15
Years of schooling						
8 or less	15	10	4	7	8	8
9-11	28	40	11	15	16	19
12 or more	57	50	85	78	75	73
Economically disadvantaged	94	78	65	49	90	67
Hispanics	65	14	59	14	57	3
Veterans	12	10	13	23	31	25

Source: See Table 3. The U.S. data is for FY 77; New Mexico data is for first three quarters of FY 78.

"Success" Rates and Unit Costs.

Now that we know the general characteristics of New Mexico participants, we need to inquire how well the program serves them -- and at what cost. Here the reader must again be cautioned regarding the uncertain reliability of the data. It is very probable that success rates have been inflated. But, as we shall see, the performance of New Mexico's program looks poor even when the data are taken at face value.

Table 6 compares New Mexico's placement and termination ratios to those of the U.S. as a whole. The most relevant measure of success is the proportion of terminations that were the result of "indirect placements" since this term is applied to those cases in which the participant secured an unsubsidized job after having received training or been employed through CETA. (Of course, this tells us nothing about the kind of job the individual secured or the length of time he or she stayed on it). Less than 25 percent of U.S. terminations fall in this category; in New Mexico, the proportion is even lower, only 15 percent. While both New Mexico and the U.S. did poorly on Title VI (at about a 15 percent success rate) New Mexico did much worse than the U.S. on Title I, which, as was pointed out earlier, has received a relatively low priority in the state. However, New Mexico outperformed the rest of the country on Title II, 35 percent vs. 22 percent. This is a surprising and encouraging finding. It is surprising because it does not fit the pattern of the other Titles and encouraging because it suggests that New Mexico's overall poor performance may be due to organizational factors which can be brought under control. More about this below. Finally, on "non-positive" terminations -- those which even under the loose standards of the program could not be considered "positive" -- New Mexico did worse than the U.S. overall and on Titles I and VI. Title II was again the exception. Note that New Mexico's overall rate of non-positive terminations is over 50 percent, a rather disheartening record.

The most interesting finding in Table 6 is New Mexico's relatively good showing on Title II. As was pointed out earlier, this Title is administered by the Department of Personnel, not by the ESD. It would be interesting to compare systematically the way Titles II and VI have been administered by these two agencies in order to discover what factors may account for the better performance of the former. Since both Titles provide public service employment, one must look for differences in administration and clientele. Is the difference due to the relatively smaller, and thus more manageable, size of Title II? Is it because the Department of Personnel is a smaller agency, or staffed with a more "professional" staff? Is it due to differences in the structure of the two agencies, such as the degree of autonomy given to local or regional offices? Is it because the Department of Personnel is less sensitive to electoral politics than the ESD?

Or, alternatively, is it simply because the quality of participants is higher under Title II than under Title VI? As Table 5 shows, the proportion of participants with 12 or more years of schooling in New Mexico is highest under Title II -- 85 percent. This is 10 percent greater than under Title VI. Also, only 4 percent of Title II participants have 8 or fewer years of schooling, half the proportion in Title VI. These differences may explain, at least partly, why Title II is relatively more successful in New Mexico than the other Titles. If this is indeed the case, the implications are serious. If the success of the CETA program varies positively

TABLE 6

"Success" Rates in New Mexico and the United States
Titles I, II and VI
Fiscal Year 1978

<u>Success Indicator</u>	<u>Title I</u>	<u>Title II</u>	<u>Title VI</u>	<u>Total</u>
Direct placements/terminations	.01	0	.01	.02
Indirect placements/terminations	.16	.35	.14	.15
Self placements/terminations	.07	.22	.13	.11
Total placements/terminations	.24	.57	.28	.28
Other positive terms./terminations	.31	.10	.09	.16
Total positive terms./terminations	.55	.67	.37	.44
Non-positive terms./terminations	.45	.33	.63	.56
* less than .01				.40

* less than .01

Definitions: Direct placements: participants who have entered full-time unsubsidized employment after having received only outreach, intake and job referral services. Indirect placements: participants who have entered full-time unsubsidized employment through the efforts of the CETA staff after receiving training or subsidized employment. Self-placements: participants who have entered full-time employment through their independent efforts after having received CETA services; it also includes participants who entered the Armed Forces. Other positive terminations: participants who entered or remained in school, entered another manpower program or another CETA Title, completed training but did not find unsubsidized employment. Non-positive terminations: participants who were discontinued for personal or other reasons before completion of the program.

Source: See Table 2. The definitions were obtained from Management Information System, "Instructions for CETA Participant Record," Albuquerque: Employment Services Division, State of New Mexico. The U.S. data is for first quarter of FY 78 and the New Mexico data for the first three quarters of FY 78.

with the quality of participants -- a most reasonable hypothesis -- then, in order to raise the low success ratios of the program, it must be redesigned to serve those who are most capable to begin with and, ostensibly, would probably make it on their own without CETA help anyway. If, on the other hand, the aim is to target the program more narrowly to serve the "truly disadvantaged" as the 1978 reforms are intended to do,¹⁷ then one must accept very high rates of failure. But high rates of failure mean that the program would not be doing much good. This dilemma is inherent in a program like CETA and must be honestly faced.

Table 7 presents data on participant costs and benefits for New Mexico's Titles I, II and VI. Overall, they paint a bleak picture regarding the performance of CETA in this state. The average cost per participant regardless of the nature of the termination ranges from \$2,053 in Title I to \$4,512 in Title II. This much money would finance from two to four years of tuition at New Mexico State University. Cost per placement -- what it actually costs to place a participant in unsubsidized employment -- is much higher, from \$16,000 in Title I to over twice that much in Title VI. These sums are staggering. They would finance a full college education, all expenses paid, at several of the country's better universities. Yet, the return on this expenditure is pitiful. In Titles I and VI, the ratio of benefits (measured as the median increase in annual income per participant) to costs is less than what a passbook account in any bank would pay. This, of course, assumes that the training stays with the participant in the same manner as the principal of a bank deposit is retained by its owner. If the effects of the training wear out, the ratio would be even lower! Once again, Title II proves to be the exception. The ratio of benefits to costs under this Title is 7 percent, which, while it is less than what the money would earn in the market, and probably less than what the same amount would yield if spent on a college education,¹⁸ is not intolerable. [This assumes that the entire gain in wages was due to the individual's experience with CETA and not to inflation, market changes, the passage of time, etc., a heroic assumption indeed. When these factors are considered, the effect of CETA may be zero or negative.] However, if one adopts a very strict standard and regards indirect placements as the only placements which can be attributed to the program, the costs become totally unacceptable -- up to \$75,670 in Title VI. What these data suggest is that the program is a very bad economic deal indeed.

Conclusions and Recommendations.

The New Mexico CETA program administered by the Balance of State Prime Sponsor (BOS) is neither effective nor efficient. In fact, it exhibits many of the characteristics which have been detected among the "underperformers" across the country. Among these are: over-centralization, disorganized, almost chaotic administration, politicization, orientation toward public service jobs, high costs, high rates of failure, and underrepresentation by the most "needy" in the state. Overall, both the "success" and the benefit/cost ratios are very low. Title II, however, is the exception. The success rate with this Title is higher in New Mexico than in the rest of the U.S. and the benefit/cost ratio is not unacceptable. [But see note in brackets above.] Yet, as with the other two Titles, those served tend to be young, single, female, and with a post-high school education --

TABLE 7

New Mexico Participant Costs and Benefits, Titles I, II, and VI
First Three-Quarters of Fiscal Year 1978

<u>Indicator of Performance</u>	<u>Title I</u>	<u>Title II</u>	<u>Title VI</u>
Accrued expenditures, in thousands of dollars	4,772	3,055	13,772
Percentage of expenditures	22	14	64
Number of participants	2,324	677	3,624
Cost per participants, in dollars	2,053	4,512	3,800
Placements	298	162	363
Cost per placement, in dollars	16,013	18,858	37,939
Indirect placements	198	100	182
Cost per indirect placement, in dollars	24,101	30,550	75,670
Terminations	1,206	282	1,289
Cost per termination, in dollars	3,957	10,833	10,684
Increase in median hourly wage for participants who were placed, in dollars	.24	.60	.66
Annual increase in median income for participants who were placed, in dollars*	499	1,248	1,373
Ratio of benefits to costs for participants who were placed	.03	.07	.04

* At 40 hours per week, 52 weeks per year.

Source: "CETA Performance Indicators," Albuquerque: New Mexico Department of Human Services, mimeo, August, 1978; and "Program Status Summary, October, 1977 - June 30, 1978," Albuquerque: Employment Security Division - CETA, mimeo.

hardly the type one would classify as "disadvantaged" or "hard-core" unemployed.

On the basis of these conclusions, a number of recommendations can be made, from the marginal to the more radical. First, since the State Personnel Department has been responsible for administering Title II, the relative success of this Title indicates that more of the CETA funds should be given to this agency to administer. This, apparently, is being accomplished already. For Fiscal Year 1979, this agency's share of CETA funds has been substantially increased. 19

Second, the system of data collection and analysis should be contracted out to people with a vested interest in valid and reliable data. Social scientists fit this requirement perfectly. To a great extent, their professional worth is determined by the quantity and quality of their publications. Thus, it is in their interest to collect and analyze data according to scientific standards. They could well be trusted with the tasks of data collection, data analysis, contract monitoring, and program evaluation which, as we have seen, have been given low priority in New Mexico. A few prime sponsors elsewhere in the country have contracted these tasks out, so this is not all that unprecedented. 20

Third, procedures should be established for the random selection of program participants from the pool of applicants. As they come in, eligible applications should be given a number and, when slots become available, random drawings from the set would provide the people to fill them. This would take out most if not all of the patronage associated with the program. It would also make it easier to test the effect of the program on individuals, since a "control" and an "experimental" group would be readily available.

Fourth, BOS should be broken down into smaller prime sponsors that would include units of local government grouped into regions. This would streamline the program, bring it closer to the agencies and organizations which train and employ people, and make it easier for professionals and citizens to attend planning council meetings. Again, this approach has been adopted by several BOS prime sponsors elsewhere in the country, including two of New Mexico's neighbors, Texas and Arizona. 21 Given its huge area, a decentralized structure would work better in this state.

Finally, the very foundations of the CETA program need to be re-examined at the federal level. CETA was originally designed as a training program for the "hard-core" unemployed, those who were not being reached by the employment services agencies. Yet, in New Mexico and to some extent all over the U.S., the program has ended up as a form of "revenue sharing" used by state and local agencies and "non-profit" institutions to finance additions to their staffs. Perhaps this is a better use of the program. In any case, it is not surprising that the program ended up this way. Giving money to state and local governments to help the unemployed and the unskilled is a clumsy way to accomplish the goal. State and local governments have their own priorities, and they obviously prefer to hire the most qualified applicants, not necessarily the most "in need." Thus, perhaps the federal government should formalize what has already happened and simply merge CETA with the revenue sharing program. As to the

"hard-core" unemployed, at least we now know how they cannot be helped. In fact, the failure of manpower programs to reach them, despite the best intentions from Washington, raises the question of whether they, in fact, exist. Perhaps they are only a symbol used to justify massive expenditures which are used for other purposes. If they do exist, the question whether government programs can ever help them remains as elusive a question as ever.

FOOTNOTES

1. U.S., Congress, House, Committee on Education and Labor, Compilation Comprehensive Employment and Training Act of 1973, as Amended, and Other Related Federal Laws, 95th Congress, First Session, Washington, 1977, p. 1.
2. Ibid., pp. 2-3, 14 and 62.
3. Bonnie and David Snedeker, CETA: Decentralization on Trial, (Salt Lake City: Olympus Publishing Company, 1978,) p. 7.
4. Washington, D.C.: National Science Foundation, 1976.
5. Snedekers, op. cit.
6. See Decentralization on Trial, especially pp. 23, 24, 34, 37, 116, 122, 154, 200 and 201, and Comprehensive Employment and Training Act, Impact on People, Places, Programs, especially pp. 4, 9-11, 14-16, 21, 55, 58, 60, 65, 75, 77-78, 105-106, and 133.
7. The statistical data in this section was taken from New Mexico Statistical Abstract, 1975, Albuquerque: The University of New Mexico, 1975.
8. Bureau of the Census, State Government Finances, 1970, (Washington, D.C.: U.S. Government Printing Office, 1970.)
9. Most of the data in this section was obtained through interviews with individuals associated with the program who, for obvious reasons, will remain anonymous.
10. Fred McCaffrey, "New Mexico's CETA Bears Watching," Las Cruces Sun News, January 11, 1979, p. 4-A. A state Senator from Doña Ana County confirmed this view.
11. Albuquerque Journal, May 2, 1978, pp. 1-2A, May 3, 1978, pp. 1-2A, and May 24, 1978, p. C-12.
12. Albuquerque Journal, October 15, 1978, p. E-14.
13. Albuquerque Journal, February 10, 1979, p. A-5.
14. Albuquerque Journal, August 12, 1978, p. A-16.
15. Albuquerque Journal, May 30, 1978, pp. 1-2A, July 6, 1978, pp. 1-2A, August 5, 1978, p. 16A, and August 12, 1978, p. 1-A.

16. Albuquerque Journal, August 10, 1978, p. 1-A. See also Mirengoff and Rindler, op. cit., pp. 11, 15, and 78.

17. Albuquerque Journal, August 10, 1978, p. 1-A and March 29, 1979, p. A-3.

18. I say "probably" because, while the return on a college education has been estimated at between 10 to 15 percent, this has not been true for non-whites. In a 1959 study, the return for Southern non-whites was estimated at only 6 percent. Since Hispanics share some of the minority-related handicaps of blacks, this may result in a lower rate of return from a college education for them. See Richard Perlman, The Economics of Education: Conceptual Problems and Policy Issues, (New York: McGraw Hill, 1973,) pp. 63-64.

19. Telephone interview with a Title II administrator.

20. Snedekers, op. cit., p. 197.

21. Mirengoff and Rindler, op. cit., p. 81.