



PUTTING A PRICE ON PERFORMANCE:

A Demonstration Study of Outcome-Based Scrutiny

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Note: The purpose of this study is to illustrate a framework for analyzing the effectiveness of government programs. NOT to conduct a definitive analysis of the programs we discuss. The statistics, calculations, and results in this study should not be interpreted as a complete description or evaluation of any program's actual performance.

INTRODUCTION

Across the globe, a set of seemingly simple strategies has revolutionized the management and performance of government agencies. Public sector managers find themselves challenged to articulate the concrete results their agencies are trying to achieve for citizens, identify and report on relevant performance measures, and use the resulting information to manage programs more effectively. Elected leaders use the performance information to determine which programs are working and which are not. The end result is an increase in public welfare as governments discard ineffective programs and focus on doing the things that they do well.

The purpose of Outcome-Based Scrutiny is to identify how effectively various federal programs accomplish their intended results. In so doing, the process also explores whether reallocation of resources among programs could produce greater public benefits at lower cost.

The principal manifestation of this revolution in the U.S. federal government is the Government Performance and Results Act of 1993 (GPRA). GPRA directed most federal agencies to explain the results they seek to achieve, identify performance measures, and report on those measures. Agencies produce strategic plans every three years, an annual performance plan, and an annual performance report. Agencies produced their first annual performance reports in the spring of 2000. Congress can now use these reports to set budget priorities and encourage performance improvements in federal agencies.

To assist Congress in this process, the Mercatus Center at George Mason University has developed a 7-step analytical framework, called “Outcome-Based Scrutiny.” The purpose of Outcome-Based Scrutiny is to identify how effectively various federal programs accomplish their intended results. In so doing, the process also explores whether reallocation of resources among programs could produce greater public benefits at lower cost.

As with most management challenges, “the devil is in the details.” This demonstration study of federal vocational programs is our effort to make the details less devilish. The study applies Outcome-Based Scrutiny to 44 vocational programs serving a wide variety of participants, including veterans, students, Native Americans, the disabled, and even criminals. Data are drawn from publicly-available sources, including federal agencies’ GPRA Strategic Plans, Annual Performance Reports for Fiscal 1999, agency web sites, the Catalog of Federal Domestic Assistance, and the Budget of the United States Government for Fiscal Years 1998 and 1999.

The publicly available information allows us to evaluate 77 percent of federal vocational training programs, representing 97 percent of the federal spending on vocational training that we were able to identify. Most of the outcome information, however, is suggestive rather than definitive proof of the effects of these programs. We have also made a number of assumptions to keep the analysis and exposition simple. For example, we assume that a program's performance can be summarized in a single statistic, and that each program actually caused the outcomes reported for that program. A full analysis would drop these assumptions and carefully investigate the validity of reported measures before offering recommendations that might affect resource allocation.

Our purpose, however, was not to provide a comprehensive analysis, but to illustrate a general framework for analyzing the effectiveness of government programs. We regard this study solely as a demonstration of how to employ Outcome-Based Scrutiny, rather than a full-fledged policy analysis that would allow Congress to make funding decisions on vocational training programs. Nevertheless, we are optimistic that congressional committees possessing budgetary and oversight authority have ample expertise and ability to obtain and process more detailed information. The Outcome-Based Scrutiny process enables members of Congress and their staff to organize existing information and quickly identify gaps that need to be remedied.

WHY OUTCOME-BASED SCRUTINY?

When Congress passed the Government Performance and Results Act of 1993 (GPRA), its motivation was clear: *to improve accountability in government*. Congress' intention was that the federal government would henceforth focus on "outcomes" — public benefits that result from government activity.

For several years, the Mercatus Center has followed the progress of this dramatically different form of accountability and the incentives it creates.¹ The GPRA process consists of four distinct stages:

- **Planning:** Agencies develop Strategic Plans that include performance goals and measures.
- **Implementation:** Agencies put their plans into effect.

- **Disclosure:** Agency performance reports explain what they accomplished and what they learned that will help improve performance in the future.
- **Scrutiny:** Congress and the public evaluate agency performance.

Rigorous congressional scrutiny of agency performance could dramatically influence agencies' future behavior. Congress can highlight success stories, explore sources of problems, and reallocate resources from programs that are less effective to those that are more effective. Congressional scrutiny thus has both a knowledge function and an incentive function. By identifying success and failures, Congress can encourage agencies to learn from each other's best practices. By using performance data to make funding decisions, Congress can create a powerful motivation for agencies to improve their performance.

It would be no exaggeration to say that GPRA's effectiveness depends heavily on the final stage: **congressional scrutiny**. To be consistent with the spirit of GPRA, this scrutiny must be based on results, or outcomes. An **outcome** is the public benefit produced, or public harm avoided, as a result of an agency's activities.

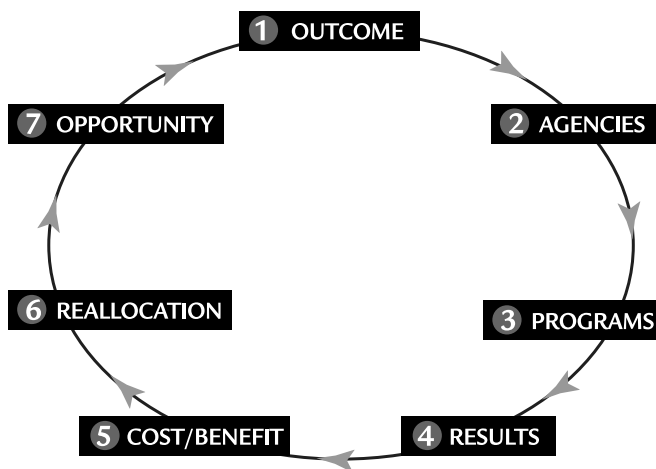
A focus on outcomes represents a significant shift from the customary process of congressional committee examination, which has dealt mainly with inputs (Did the agency spend the money as directed?) and outputs (How many people participated in the agency's programs?) The customary approach emphasizes means rather than ends. Outcome-Based Scrutiny directs attention to the desired ends — public benefits produced or harms avoided.

Outcome-Based Scrutiny should appeal to any member of Congress who is interested in ensuring that various federal programs do a good job of serving the constituents they are intended to serve. Relevant constituencies, and hence program priorities, will sometimes vary depending on which party controls Congress, who chairs relevant committees, and myriad other political factors. Nevertheless, all members have an interest in ensuring that the constituencies they care about are served well. Outcome-Based Scrutiny is harmful only to programs that fail to deliver benefits to the people they are supposed to help.

¹The Mercatus Center evaluated the quality of agencies' first GPRA performance reports, for fiscal year 1999, and also produced a detailed case study documenting how results-based management led to a dramatic turnaround in the Federal Emergency Management Agency's performance during the 1990s. See "Performance Report Scorecard: Which Federal Agencies Inform the Public?" and "Learning from the Leaders: Results-Based Management at the Federal Emergency Management Agency." Both studies are available free of charge at www.mercatus.org.

OUTCOME-BASED SCRUTINY OF VOCATIONAL TRAINING PROGRAMS

Outcome-Based Scrutiny is a 7-step process that consists of identifying desired outcomes, enumerating the agencies and programs responsible, documenting the results achieved, comparing benefits with costs, and assessing opportunities for improvement.



Step 1: Identify the issue and the intended outcome

The desired outcome of vocational programs is to provide individuals with knowledge and skills that enhance their employability. This definition of the outcome is much more instructive when compared to other possible definitions that might seem plausible, but are less suitable.

For example, one might argue that the purpose of vocational programs is to “reduce unemployment.” This is admittedly an outcome, but it is a much more problematic outcome to measure, because many factors other than vocational programs influence overall unemployment. In addition, defining performance in terms of reduced unemployment might lead to easy but meaningless “successes” if the bulk of participants are enrolled in subsidized employment or other on-the-job training programs that automatically reduce the current count of unemployed people. If

these programs failed to enhance employability, then they merely reduce the statistical measure of unemployment without addressing the fundamental reasons that their participants were unemployed. Focusing on employability rather than reduced unemployment thus encourages policymakers and other officials to address the real reasons that a subset of the population has not gotten work.

The emphasis on enhancing employability also helps guard against the temptation to define performance in terms of outputs, such as the number of people participating in the programs. Just as class attendance by itself provides no proof that a student learned anything, mere participation in a program is no guarantee that the participant actually received any help. A program that uses participants’ time and public dollars, but provides no increase in marketable skills, provides no public benefit as a vocational program.²

A clearly defined outcome also makes identification of performance measures much more straightforward: Do vocational programs actually help people get better jobs than they would otherwise have? The ideal test of such programs is whether their participants get jobs or other long-term placements that they would not otherwise have obtained. One way of demonstrating this would be if individuals in the programs get placements at a higher rate than similar individuals who do not participate in the programs.³ The quality of the placement is also significant; for most workers, a placement in a rapidly growing industry with many new opportunities for future advancement is better than a placement in a temporary, part-time job. Information on such qualifying factors is hard to find, but critical for a truly accurate assessment of program performance.

Many of the programs do at least track the number of participants who obtain jobs or other placements after participating in the program. This is the measure we employ in our evaluation of vocational programs — not because we believe it is the best measure, but because data are available that allow us to illustrate the logic of the Outcome-Based Scrutiny process. For the

²The qualifier “as a vocational program” is an important one. For example, a program that teaches violent sociopaths how to paint pictures might produce important public benefits simply by keeping them busy so they cannot harm other people, but it would not likely produce significant vocational benefits unless its participants tended to become professional artists or otherwise used their painting skills to earn a living. Such a program, however, might properly be labeled a crime-prevention program and have its results evaluated in comparison with other crime-prevention programs.

³We include “other placements” because some programs seek to enhance employability by qualifying participants to get into college or obtain more advanced training, rather than move directly into employment.

sake of simplicity, we refer to all successful outcomes in terms of number of “placements.”

Step 2: Identify the agencies responsible for the outcome

Determine which agency has primary responsibility for this outcome, and then list the other agencies whose activities impact this outcome. Within the U.S. government, there will be overlap on almost all major issues. A logical starting point would be to make a list of all the federal agencies responsible for researching, documenting, protecting, regulating or providing information, products and services related to the chosen issue.

The first source for identifying responsible agencies is the GPRA strategic plans and performance reports produced by the agencies themselves. If an agency has strategies, goals, or performance measures related to the issue under consideration, then the agency is declaring that it has at least some responsibility for affecting the outcome. In some cases, we also found useful supplementary information on agency web sites.

We initially identified 12 different agencies that appeared to offer some kind of vocational training programs. (See Table 1.) Closer inspection revealed that all programs whose primary purpose was vocational training were located in six of the agencies. Many “vocational” programs are actually aimed at accomplishing some other purpose, but their authorizing legislation mentions vocational training as a possible benefit. We believe that these types of programs should be evaluated according to their primary purpose and compared with other programs intended to

address a similar purpose. If they create significant vocational training benefits as a side effect, then those benefits can be included in the analysis at a later date. (Table 2 and Appendix 3 present examples of the types of programs that did not have vocational training as a primary focus. The six departments we eliminated from the list had no programs whose primary focus was vocational training.)

Step 3: Identify the programs responsible for the outcome

The first part of this step is to research and identify all federally funded programs that may impact the outcome. Next, sort the programs into those that exist primarily to affect the outcome of interest, and those that affect the outcome only as a side effect of other goals or not at all.

More than 100 federal programs mention vocational training as a possible or potential outcome. Only 44 have vocational training as a *primary* goal. Of these 44, there were 17 programs at Labor, 11 at Education, 7 at HHS, 4 at Interior, 3 at Justice, and 2 at HUD.⁴ Many programs intended to accomplish other goals simply mention vocational training as a possible benefit. Other “vocational” programs we excluded involved job banks or other matching services, but no training. Table 2 summarizes the reasons for excluding the other 61 programs, and Appendix 3 provides some examples.

In identifying vocational training programs, it was helpful to compare information from four sources: agencies’ GPRA materials, the Catalog of Federal Domestic Assistance (CFDA), the General Accounting Office (GAO), and the United States Code.

Table 1: Agencies Involved in Vocational Training	
Agencies having programs whose primary purpose is vocational	Other agencies having programs that mention some vocational component
Department of Labor	Department of Agriculture
Department of Education	Department of Commerce
Department of Health & Human Services	Department of Defense
Department of the Interior	Federal Emergency Management Agency
Department of Housing and Urban Dev.	Department of Transportation
Department of Justice	Department of Veterans Affairs

(Note: A full list of programs is contained in Appendix 1.)

⁴ A full list is contained in Appendix 2.

Table 2: Reasons for excluding programs from the analysis		
Category	Explanation	# of Programs
Placement Service (PL)	Information or counseling to help people find job openings	7
Economic Development (ED)	Grants and loans for infrastructure or business assistance in distressed communities	12
Not Funded (NF)	Program which may have authorization but no appropriation for FY 1999	6
Other Objective (OO)	Primary goal to provide goods or services other than training	36
	Total	61

Source: Appendices 1 and 3.

GPRA strategic plans and annual reports show how the agencies themselves believe their programs affect various outcomes. Agencies often group several programs together and report a combined performance measure, rather than reporting individual performance measures for each and every program. Agencies' performance reports for fiscal year 1999 grouped the 44 vocational training programs into 25 program areas, and we used these program areas as our units of analysis.

The CFDA is a government-wide compendium of federal programs, projects, services, and activities that provide assistance or benefits to the American public. It is maintained by the General Services Administration.⁵

GAO recently produced a study for the House Committee on the Budget that examined vocational programs "for which a key program goal is providing assistance to persons trying to find employment or improve their job skills." The goals and purposes of this study are somewhat different from ours, but since GAO also enumerated many vocational programs, it was useful as a cross-reference.⁶

A final source, which we found less useful for vocational programs but may be helpful in other contexts for cross-checking to ensure that there are no omissions, is the U.S. Code, a consolidation and codification by subject matter of the general and permanent laws of the United States.⁷ We searched for all programs whose

authorizing language included vocational training as a possible goal. The principal drawback of using the U.S. Code is that vocational training may just be one of a multitude of goals mentioned in a piece of legislation. The program created by the legislation might affect vocational training only as a side effect, or the vocational component might be authorized but not required.

Step 4: Assess performance of programs

Using annual performance reports and other data, note the impact or the quantity of progress on the outcome for each of the programs and examine the responsible agencies to clarify the results information reported. The goal should be to place each program in one of three categories: "Helpful," "Ineffective," or "Counterproductive."

Those programs that are labeled "Helpful" can actually demonstrate a link to positive results. An effective vocational training program would lead to increased placements of participants. "Ineffective" programs have no apparent or significant effect on the desired outcome. An ineffective vocational program would be one that generated zero or very few placements. "Counterproductive" programs are those that actually harm the people they are trying to help. A counterproductive vocational program would be one whose participants became less employable as a result of their participation.⁸

⁵ See <http://www.cfda.gov/>.

⁶ Multiple Employment Training Programs/Overlapping Programs Indicate Need for Closer Examination of Structure, General Accounting Office (GAO-01-71), October 2000.

⁷ <http://uscode.house.gov/usc.htm>.

⁸ A good example of an ineffective program comes from New Zealand, where analysts found that programs intended to promote small business formation created so much market instability that they bankrupted more businesses than they created.

For vocational programs, agencies' annual reports identify useful outcome data for 56 percent of the program areas (14 out of 25), covering 77 percent of programs (34 out of 44) and 97 percent of the spending we were able to identify (\$8.2 billion out of \$8.4 billion).⁹

The information at our disposal does not allow us to classify any of the programs in the "Ineffective" or "Counterproductive" categories. It is worth noting, however, that our sole source of outcome information for this demonstration study was the agencies' own performance reports. Agencies currently have poor

incentives to report information that would make their efforts appear ineffective or counterproductive. Until that changes, Congress will probably have to rely on other sources for information documenting ineffective or counterproductive programs. Agency inspectors general, the General Accounting Office, academic researchers, and think tanks might provide some of this information.

Given the current state of the data, all of the vocational program areas for which performance information is available appear to be helping someone. The

Program Area	Description	Outcome
School-to-Work (Education)	These grant programs seek to provide a means of attaining high academic standards through contextual, applied, and focused learning. To help students direct their education, STW encourages, among other things, exposure to a broad variety of career options — starting with speakers and field trips in elementary school and progressing to academically connected internships in a high school student's field of interest. The underlying goal is to provide students with knowledge and skills that will allow them to opt for college, additional training, or a well-paying job directly out of high school.	257,600 participants graduated from high school and entered either college, employment or the military (1996)
Perkins Vocational and Technology Education (Education)	Basic grants assist states and outlying areas to expand and improve their programs of vocational education and provide equal access in vocational education to special needs populations. The populations assisted range from secondary students in pre-vocational courses through adults who need retraining to adapt to changing technological and labor market conditions.	~ 1.6 million vocational concentrators graduated and entered postsecondary education or employment (1996)
Tribal Postsecondary Vocational Institutions (Education)	Grants to tribally controlled postsecondary vocational and technical institutions provide basic support for the education and training of Native American students.	187 students earned a degree or certificate

⁹ Not all outcome data are for fiscal year 1999. There is often a significant time lag for acquisition and analysis of data. The Department of Labor, for instance, reported the latest available data for all programs, but for some that meant 1998 and for others 1996. If funding levels and outcomes are relatively constant across time, then use of outcome data from different years is not likely to introduce great inaccuracies. If funding and/or outcome measures vary greatly across years, then the inaccuracies introduced by mixing data across years could be substantial. In this study, we tried to match outcome figures with budget figures for the appropriate year wherever possible. When this was not possible, we mixed data from several years, solely to provide more information to more effectively demonstrate how the Outcome-Based analysis works.

Some types of programs also involve expenditures that generate outcomes only after a significant lag. The National Science Foundation, for example, often supports research projects over a multi-year period, and the scientific discoveries produced by these projects can occur many years later. Accurate analysis requires that expenditures be matched with the outcomes they produced, even if the expenditures and outcomes occur in different fiscal years.

Table 3: Descriptions and Number of Placements for Vocational Program Areas (cont.)		
Program Area	Description	Outcome
Economic Independence – Refugees (HHS)	States are subsidized to assist refugees (through form of resettlement, maintenance and medical assistance, and social services) to become self-supporting and independent members of American society.	52,298 refugees entered employment via services funded by this program (1998)
BIA Community Development (Interior)	Vocational training and employment opportunities are provided to eligible Native Americans for the purpose of reducing federal dependence.	11,158 participants reached their educational, training and employment objectives
Migrant and Seasonal Farmworkers (Labor)	Job training, job search assistance, and other supportive services are provided for individuals who suffer chronic seasonal unemployment and underemployment in the agricultural industry. Farm workers and their dependents are also assisted to obtain or retain employment.	7300 terminees entered employment
Indian and Native Americans (Labor)	Native Americans who face serious barriers to employment are provided job training to obtain productive employment, to reduce the economic disadvantages among Indians and others of Native American descent and to advance the economic and social development of such people.	7980 terminees were placed in jobs
Welfare-to-Work (Labor)	The Welfare-to-Work Grants program was designed to assist states and localities to help move hard-to-employ welfare recipients into lasting unsubsidized jobs and achieve self-sufficiency.	79,771 terminees were placed in unsubsidized employment
Adult Disadvantaged Job Training (Labor)	These JTPA (Job Training Partnership Act) programs prepare economically disadvantaged adults facing serious barriers to employment for participation in the labor force by providing job training and other services to increase earnings and occupational skills, and to decrease welfare dependency.	207,000 participants were employed one quarter after exit
Veterans in Need (Labor)	Provides job training opportunities for veterans (utilizing a case-management approach) through contacts with employers, on-the-job training, apprenticeship, job placement, counseling, testing, referral, and positions within federal job training programs and by assisting community-based organizations and other agencies' grantees.	288,404 veterans were assisted into employment
Youth Transition (Labor)	This includes the youth component of JTPA (with the same objectives as Adult Disadvantaged – see above) and the Youth Opportunity Grants, which seek to provide comprehensive services to youth living in high poverty areas.	71,397 terminees obtained jobs or pursued advanced education or job skills

Table 3: Descriptions and Number of Placements for Vocational Program Areas (cont.)		
Program Area	Description	Outcome
Job Corps (Labor)	A comprehensive residential education and job training program for at-risk youth, ages 16 through 24. The program provides disadvantaged young people with academic, vocational, and social skills training they need to gain independence and get quality, long-term jobs or further their education.	58,010 trainees were placed in a job
Dislocated Workers (Labor)	Helps dislocated workers (affected by mass layoffs, natural disasters, federal actions, and other circumstances specified by the secretary of labor) to obtain unsubsidized employment through training and related employment services using primarily a decentralized system of state and local programs.	163,438 terminees were employed one quarter after exit
Trade-Affected Workers (Labor)	Adjustment assistance is provided for workers adversely affected by increased imports to assist them into suitable employment.	4420 participants verified re-employment

fact that a program helps some of its intended beneficiaries does not necessarily mean that the program is as effective as possible, or that the current budget allocation across programs maximizes public benefits. A reallocation of resources might increase the number of people helped, or it might increase the number of particularly deserving people helped. To evaluate these possibilities, outcome information must be combined with budget information to evaluate the cost-effectiveness of the programs.

Step 5: Match costs of programs with benefits

The number of people apparently helped is an insufficient measure of a program’s effectiveness; cost must also be considered. Financial information should now be added to the equation so that cost comparisons can be made between programs.

We identified \$8.4 billion worth of federal spending on job training programs. Of that amount, 44 percent was spent on programs for youth, 20 percent on various groups impacted by federal policy changes (such as veterans, workers losing their jobs due to trade liberalization, and convicts), 6.7 percent on programs specifically for minorities, and 29 percent on general programs for adults.

As Table 4 shows, vocational training programs exhibit widely varying results per dollar spent. School-

to-Work, Veterans in Need, and Perkins Vocational and Technology Education appear to be the most cost-effective, generating placements at a cost well below \$1,000 per person placed. Other programs, such as Job Corps, Tribal Postsecondary Vocational Institutions, and Trade-Affected Workers, cost more than \$20,000 per placement.

The results do not appear to be related to the size of the program — at least as measured by the program’s appropriations. The three programs with the lowest cost per placement include one that spends more than \$1 billion and two that spend less than \$200 million. The three with the highest cost per placement include a large, a mid-sized, and a small program.

At this point, two caveats are in order. First, this analysis assumes that the principal cost of the program to the public is reflected in the federal budget figures. For vocational programs, this is probably a fair assumption for a first cut at the analysis. Some other types of federal programs, however, possess a large regulatory component that effectively mandates expenditures that do not appear in the federal budget. Truly accurate assessment of program costs should include expenditures on compliance not recorded in the federal budget, as well as unintended changes in behavior that occur as a result of the regulations.¹⁰ Second, we assumed for the sake of expositional simplicity that each placement is equally valuable in terms

Program Area	Appropriation	Placements/ \$million	Cost/ placement
School-to-Work (Education)	\$149,000,000	1729	\$578
Veterans in Need (Labor)	\$167,000,000	1727	\$579
Perkins Vocational and Technology Education (Education)	\$1,056,000,000	1515	\$660
BIA Community Development (Interior)	\$12,928,000	863	\$1159
Adult Disadvantaged Job Training (Labor)	\$955,000,000	217	\$4608
Indian and Native Americans (Labor)	\$53,700,000	149	\$6711
Economic Independence - Refugees (HHS)	\$423,000,000	124	\$8065
Dislocated Workers (Labor)	\$1,347,000,000	121	\$8264
Migrant and Seasonal Farmworkers (Labor)	\$73,000,000	100	\$10,000
Youth Transition (Labor)	\$1,201,000,000	59	\$16,949
Welfare-to-Work (Labor)	\$1,476,000,000	54	\$18,519
Job Corps (Labor)	\$1,188,000,000	49	\$20,408
Tribal Postsecondary Vocational Institutions (Education)	\$4,100,000	46	\$21,739
Trade-Affected Workers (Labor)	\$131,100,000	34	\$29,412

Source: Appendix 2.

of public benefit, that reported placements are an accurate measure of a program's outcomes, and that the programs actually caused the placements they reported. If any or all of these assumptions are untrue, then Table 4 may not present an accurate assessment of the cost-effectiveness of vocational training programs. Even if all of the assumptions are untrue, though, the principal thing that would change would be the ranking of the programs. The basic method of analysis — identify outcomes, identify costs, and calculate cost per unit of outcome — would remain the same.

Step 6: Estimate effects of resource reallocation

Using data collected in Step 5, programs are ranked according to public benefit produced against the dollars spent. With this information, one can estimate

how resources might be reallocated to increase benefits to the public.

For example, assume that the overall goal of vocational training programs is to help the largest number of people possible. Federal vocational programs spent approximately \$8.4 billion annually. Documented placements associated with these programs totaled 2.8 million, for an average cost of \$3000 per placement. Some of the programs, however, were clearly more cost-effective than others. If all of the resources spent on vocational training were reallocated to the most cost-effective program — School-to-Work — the information in Table 4 suggests that total placements would quintuple, from 2.8 million to 14.5 million.

¹⁰ For an explanation of this approach, see Jay Cochran, "Toward a Taxonomy of Regulatory Costs," Mercatus Center Regulatory Studies Program Working Paper (June 1, 2000).

These are, of course, rough estimates. The available cost information shows average and total costs, but does not show how costs vary with the number of participants or placements. Our calculations implicitly assume that marginal and average costs are constant — that is, additional placements could be achieved at the same cost per placement as the placements that have already been achieved. Additional placements might actually cost more than previous placements, if the additional participants require more assistance than current participants. Alternatively, additional placements might cost less than previous placements if economies of scale permit fixed program costs to be spread over a larger number of successful participants. Ultimately, it is desirable that all agencies understand how program costs change with the number of participants and successes, but at this early stage of GPRA, such information is likely to be sparse.

The Outcome-Based Scrutiny process can also accommodate policy goals that reflect different values. Total placements might not be the best or universally agreed-upon measure of success in vocational programs. Policymakers might instead seek to maximize placements in several groups of target populations, such as youth, racial minorities or veterans. In this case, the effects of resource reallocation can be estimated within a target population.

Consider the example of vocational programs for youth. Table 4 includes information on four youth vocational programs: School-to-Work, Perkins Vocational and Technology Education, Youth Transition, and Job Corps. The first two programs are much more cost-effective than the latter two. Together, the four programs spent \$3.6 billion to achieve 2 million placements. If all of this money were spent on the two most cost-effective programs, placements might rise to 5.5 million.

Still other analysts might inform choices motivated by other values. Some may believe that the people with the greatest needs should have first claim on vocational training. Higher levels of spending per placement could to some extent reflect the fact that some target populations need more help than others. Programs with low levels of spending per placements may be focused on participants who actually need very little government assistance. In that case, the data in Table 4 could be used to estimate how many participants with the greatest need could be helped if resources

were concentrated on them. For example, the Department of Labor's program for Trade-Affected Workers appears to be one of the least cost-effective, but perhaps that is because these workers are especially difficult to re-employ. If all vocational training dollars were moved to this program, 285,598 trade-affected workers might achieve re-employment.¹¹

As these examples show, a comparison of costs and benefits does not make decisions automatic. Different values will lead to different decisions, and calculations cannot replace human judgment. The cost-effectiveness comparisons simply reveal what the various programs are actually accomplishing and suggest what could be accomplished if resources were allocated differently. Decision-makers with very different values can employ Outcome-Based Scrutiny to explore the effectiveness of government programs in accomplishing the results that they care about.

Step 7: Identify opportunities forgone under the status quo

This stage compares the public benefit of optimal allocation to the status quo. Strategic use of performance information requires recognition of “opportunity cost” — the cost of a specific choice in terms of foregone options' potential benefits. If reallocation of resources would result in increased benefits, the true cost of renewing current appropriations includes loss of the projected improvement.

Examination of forgone opportunities is more than a merely academic exercise. A government official sincerely interested in providing the best possible service asks, “What is the cost of maintaining the status quo?” The difference between what the programs are achieving and what could be achieved if resources were reallocated represents the public benefit forgone by sub-optimal allocation of resources.

The figures produced in Step 6 make it possible to generate some straightforward examples; Table 5 presents two. In both cases, the opportunities forgone if we continue with the status quo are substantial. The current distribution of funding appears to deprive job placement opportunities to millions of people. In a more positive light, this means that the opportunities for improvement are quite large.

¹¹ Assuming, of course, that this many workers would actually qualify for assistance.

Table 5: Estimating Forgone Opportunities in Vocational Programs	
Goal: Maximize placements from vocational programs	
Number of placements possible if all resources are reallocated to most cost-effective program	14.5 million
Actual placements achieved by current allocation	- 2.8 million
Cost of the status quo	11.7 million placements
Goal: Maximize placements from youth vocational programs	
Number of placements possible if resources from youth programs are reallocated to the two most cost-effective youth programs	5.5 million
Actual placements achieved in youth programs	- 2 million
Cost of the status quo	3.5 million placements

CONCLUSIONS

The outcome-based framework is flexible enough to accommodate diverse values and judgments about policy priorities.

Outcome-Based Scrutiny provides a simple yet powerful framework for understanding the effectiveness of government programs and making resource allocation decisions. The method identifies which programs produce their intended results, which are ineffective, and which are counter-productive. For programs that are producing intended results, Outcome-Based Scrutiny also identifies which ones are most cost-effective and allows decision-makers to estimate how a different allocation of resources could increase benefits to the public.

The information produced through Outcome-Based Scrutiny should help improve government performance in several ways:

- **Reallocation of resources**, as funding shifts to the most cost-effective programs.
- **Increased learning**, as less effective programs adopt best practices employed in the most effective programs.
- **Better agency incentives**, as effective programs receive increased funding and counterproductive, ineffective, and less effective programs are reformed or eliminated.
- **Continuous improvement in transparency and accountability**, as Outcome-Based Scrutiny reveals areas where performance reporting needs to be improved.

Whether one defines public benefits in terms of number of people helped or meeting greatest perceived needs, the same analytical framework allows decision-makers to determine the most effective ways of accomplishing the goal. The calculations employed in Outcome-Based Scrutiny do not make decisions automatic, but they do give decision-makers a clearer understanding of the actual effects of their decisions. Without such information, decision-makers are flying blind.

ABOUT THE AUTHORS

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Dr. Ellig has published numerous articles on management and government regulation of business. He is editor of *Dynamic Competition and Public Policy: Technology, Innovation, and Antitrust Issues*, a book to be published by Cambridge University Press in early 2001. Other publications include articles in *The Wall Street Journal*, *New York Times*, *Washington Post*, *Journal of Regulatory Economics*, *Antitrust Bulletin*, and *Competitive Intelligence Review*, as well as numerous contributions to edited books. For the Mercatus Center's Government Accountability Project, Dr. Ellig also authored *Learning from the Leaders: Results-Based Management at the Federal Emergency Management Agency* and *Performance Report Scorecard: Which Federal Agencies Inform the Public?*

The Hon. Maurice P. McTigue, QSO (mmc-tigue@gmu.edu) is the Director of the Government Accountability Project at the Mercatus Center. He came to the U.S. in 1997 as a Distinguished Visiting Scholar to George Mason University after completing his term as New Zealand's Ambassador to Canada. Previously, as a Cabinet Minister and a Member of Parliament, he led an ambitious and extremely suc-

cessful effort to restructure New Zealand's public sector and to revitalize its stagnant economy in the 1980s and 1990s. In recognition of his public service, Queen Elizabeth II bestowed upon McTigue the prestigious Queen's Service Order during a ceremony at Buckingham Palace in 1999. This is one of the highest honors attainable for civil service in New Zealand.

At Mercatus, McTigue is sharing the lessons of his practical experience with policymakers in the United States. He works with officials in the Administration, members of Congress and executives in scores of federal agencies on applying the principles of transparency and accountability in the public sector. He frequently speaks at conferences on performance issues and testifies before congressional committees on issues of government reform.

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ABOUT THE MERCATUS CENTER

The Mercatus Center at George Mason University is an education, research, and outreach organization that works with scholars, policy experts, and government officials to bridge academic theory and real-world practice. Mercatus (“mer-KAY-tus”) is the Latin term used to describe the bustling activity associated with markets, trade, and commerce. Mercatus is at the core of a vibrant community of students, scholars, and decision-makers, and works with this community to build and apply an understanding of how individuals cooperate through the market and political processes.

Mercatus conducts 1) **research** — to enhance our knowledge of how people live and work together and to develop practical solutions to real-world problems, 2) **outreach** — to develop innovative programs and publications that help public decision-makers address society’s problems and 3) **education** — to support academic research that fosters scholarly inquiry into the nature of the market process. Learn much more about the Mercatus Center and its people and projects at www.mercatus.org.

ABOUT THE MERCATUS CENTER’S GOVERNMENT ACCOUNTABILITY PROJECT

The Government Accountability Project’s goal is simple: increase accountability and transparency to bring about more effective government. Under the leadership of Director Maurice McTigue, the team provides assistance to agencies and congressional staff through facilitation, consulting, and publication of academic studies.

Work began with extensive research on leadership and “change management” issues — mostly related to implementation of the Government Performance and Results Act of 1993 (GPRA). The first major contribution was a framework for high-performance organizations called Results Based Management, which consists of five themes: mission and measures, organizational structures, organizational cultures, knowledge systems, and communication strategies. In 1999, Mercatus presented this framework in a series of leadership forums. *Strategies for Success: Achieving World Class Government Performance through Results Based Management & Strategic Communications* was attended by over 300 senior officials from over 50 different federal agencies.

In March 2000, Mercatus published a case study on public sector leadership, *Learning from the Leaders: Results Based Management at the Federal Emergency Management Agency*. This in-depth study, authored by Dr. Jerry Ellig, describes the dramatic transformation of one U.S. government entity by application of the same principles of high-performance organizations that were emphasized in the 1999 leadership forums.

In May 2000, Mercatus published *Performance Report Scorecard: Which Federal Agencies Inform the Public?*, which focused on the quality of FY 1999 Annual Performance Reports (a GPRA requirement). This report, also authored by Dr. Ellig, applied a dozen criteria on good reporting and ranked the 24 federal departments and agencies covered by the Chief Financial Officers Act of 1990 according to how well they exhibited transparency, public benefits and forward-looking leadership. This report has been widely cited by agency and legislative authorities, in addition to receiving nation-wide media coverage.

APPENDIX 1: VOCATIONAL PROGRAMS AND SOURCES

Here are all 105 programs we considered including in the demonstration study. Each program occupies one row in the table (11 pages total). They are grouped by agency and appear in alphabetical order (i.e. Agriculture, Commerce, etc.). Within each agency, programs are not listed in any particular order, but are grouped with others corresponding to the same program area or objective in the agency's Annual Performance Report (APR). Shaded rows indicate programs that were excluded from the study for reasons given in the notes column and explained in Appendix 3.

Column 1 lists the agency. Column 2 gives the APR reference — name and goal, objective or indicator number — if any was found. Columns 3-5 indicate program references found in three major sources of information — the U.S. Code (USC), the Catalog of Federal Domestic Assistance (CFDA) and the agency's own website (including separate sites of its bureaus or sub-agencies). The 5-digit numbers in the CFDA column are provided to facilitate a search for readers interested in detail on any given program. Column 6 (Notes) indicates funding of the program for 1999 and, if excluded, the reason and category code for rejection.

Several things should be apparent from close inspection of these data: 1) Most programs are not represented at all in the agency's performance report, 2) Different names are used in referring to the same program, and 3) No single source is comprehensive. Blank space indicates information was not found. This does not mean it doesn't exist. Research in the APR and CFDA areas were quite thorough, so these lists

are considered complete. The web search, while less thorough, did include each program area, so confidence in this list is high. U.S. Code data, however, are not at all definitive; this source was used to identify agencies involved at the beginning of the research — Step 2 of the process. Programs found later via other sources were not traced back to the code, except for an accounting of those sections already identified.

Most appropriation data came from the CFDA. Although most of them were used in the cost/benefit analysis (Step 5), the correlation is not exact because outcomes may have been for another fiscal year and actual spending may have differed from appropriation. Actual figures were used when available. References to figures used by GAO in their recent study merely acknowledge that differences exist. These numbers were obtained in consultation with the agencies, and they came available only as we were completing our study. Unless their data were significantly different and clearly more accurate, we used figures we already had from other sources.

The codes at the end of the notes in shaded rows (two capital letters) refer to the four categories into which we grouped the 61 programs excluded from the study.

PL = Placement Services
ED = Economic Development
NF = Not Funded (or Not Found)
OO = Other Objective

See Appendix 3 for explanation and examples of each.

Appendix 1: Vocational Programs and Sources

Agency	APR reference	USC programs	CFDA programs	Web programs	Notes
Agriculture	Rural Development - Objective 1.1	Rural business enterprise grants	10.769 Rural Development Grants	Rural business enterprise grants	FY 1999 appropriation \$36,410,014. Training not primary objective. ED
			10.767 Intermediary Relending Program		FY 1999 appropriation \$32,999,000. Training not primary objective. ED
			10.768 Business and Industry Loans		FY 1999 Direct \$26,150,000, Guaranteed \$1,180,303,000. Training not primary objective. ED
			10.670 National Forest-Dependent Rural Communities		Training not primary objective. ED
			10.551 Food Stamps		FY 1999 appropriation \$16,021,415,869. Work is a requirement for some recipients. OO
Commerce			10.225 Community Food Projects		This is not a training program at all. OO
			11.114 Special American Business Internship Training Program		FY 99 \$921,000. Training for non-citizens. OO
Defense		Spouse Employment assistance (relocation)		Spouse Employment Demonstration Project	3-year program w/annual funding of \$210,000. PL
		Employment Assistance Centers		Transition Assistance Centers	Training not primary objective. PL
Education		School-to-Work Opportunities - Indicator 2.2		School-to-Work Opportunities - Development and Implementation Grants for Indian Youth	FY 1999 Appropriation \$1,250,000

Appendix 1: Vocational Programs and Sources

Agency	APR reference	USC programs	CFDA programs	Web programs	Notes
Education				School-to-Work Opportunities - Development Grants to States and Territories	No funding in FY 1999 and none anticipated. NF
		State Implementation Grants (School-to-Work)		School-to-Work Opportunities - Implementation Grants to States	FY 1999 appropriation \$203,750,000 but none in future
	School-to-Work Opportunities - Indicator 2.2			School-to-Work Opportunities - Implementation Grants to Territories	FY 1999 Appropriation \$1,250,000
				School-to-Work Opportunities - Local Partnership Implementation Grants	No funding in FY 1999 and none anticipated. NF
				School-to-Work Opportunities - Urban and Rural Opportunities Grants	FY 1999 Appropriation \$25,000,000
	National Programs (Perkins Vocational and Technology Education Act)		84.051 National Vocational Education Research	National Center(s) for Career and Technical Education	FY 1999 Appropriation \$4,500,000. Not a training program. OO
		Assistance To Address School Dropout Problems		School Dropout Assistance Program (Dropout Prevention Program) (OESE)	Program no longer funded. NF
		Women's Educational Equity Programs		Women's Educational Equity (OESE)	Skills training minor objective. OO
	Perkins Vocational and Technology Education (State Grants and Tech-Prep) – Indicators 3.1 & 3.2		84.048B Vocational Education – Basic Grants to States	Pacific Vocational Education Improvement Program	FY 1999 Appropriation \$1,181,300

Appendix 1: Vocational Programs and Sources

Agency	APR reference	USC programs	CFDA programs	Web programs	Notes
Education	Perkins Vocational and Technology Education (State Grants and Tech-Prep) - Indicators 3.1 & 3.2		84.101A Vocational Education - Indians Set-aside	Vocational Education - Basic Grants to Native Americans and Alaska Natives	FY 1999 Appropriation \$12,883,125
			84.259 Native Hawaiian Vocational Education	Vocational Education - Native Hawaiians	FY 1999 Appropriation \$2,579,625. GAO: only \$231,103 used for training.
			84.048A Vocational Education - Basic Grants to States	Vocational Education - Basic Grants to States	FY 1999 Appropriation \$1,013,128,950. GAO: only \$327,240,000 used for training.
			84.243A Tech-Prep Education	Tech-Prep Education	FY 1999 Appropriation \$106,000,000
		State Grants for Drug and Violence Prevention		Safe and Drug-Free Schools and Communities: State Grants (OESE)	Skills training not an objective. OO
		Tribally Controlled Postsecondary Vocational Institutions - Indicator 1.1		84.245 Tribally Controlled Postsecondary Vocational and Technical Institutions	Tribally Controlled Postsecondary Vocational Institutions Program
FEMA	State Grants for Incarcerated Youth Offenders - Indicator 2.1	Grants to States for transition training for incarcerated youth offenders	84.331 Grants to States for Incarcerated Youth Offenders	Grants to States for Workplace and Community Transition Training for Incarcerated Youth Offenders	FY 1999 Appropriation \$12,000,000
		National Fallen Firefighters Foundation		National Fallen Firefighters' Foundation	Scholarship assistance for education and job training of spouses and children. OO
HHS	Economic Independence (Goal 2.1)	Block Grants to States for Temporary Assistance for Needy Families	93.558 Temporary Assistance for Needy Families	Temporary Assistance for Needy Families (Block Grants to States)	FY 1999 appropriation \$16,488,121,000. Child care is focus of program; work is one of many (very flexible) requirements. OO

Appendix 1: Vocational Programs and Sources

Agency	APR reference	USC programs	CFDA programs	Web programs	Notes
HHS	Economic Independence (Goal 2.1)		93.566 Refugee and Entrant Assistance - State Administered Programs	Refugee Resettlement	FY 1999 appropriation \$234,930,000
			93.567 Refugee and Entrant Assistance - Voluntary Agency Programs		FY 1999 appropriation \$33,294,172. GAO: only \$5,900,000 used for training.
			93.576 Refugee and Entrant Assistance - Discretionary Grants		FY 1999 appropriation \$100,653,000
			93.583 Refugee and Entrant Assistance - Wilson/Fish Programs		FY 1999 appropriation \$10,015,485
			93.584 Refugee and Entrant Assistance - Targeted Assistance		FY 1999 appropriation \$49,447,000. GAO: only \$44,529,300 used for training.
			93.667 Social Services Block Grant		FY 1999 appropriation \$1,909,000,000. Not necessarily used for job training. OO
			93.593 Job Opportunities for Low-Income Individuals	Job Opportunities for Low-Income Individuals (JOLI) Program	FY 1999 appropriation \$5,500,000. OO
		Runaway and Homeless Youth Programs	93.623 Runaway and Homeless Youth	Transitional Living Program for Homeless Youth	Goal is to care for "immediate needs" (not job training). OO
		Foster Child Independence Programs	93.674 Independent Living	Children's Bureau – State Grant Programs – Independent Living	FY 1999 appropriation \$70,000,000
			93.594 Tribal Work Grants		FY 1999 appropriation \$7,633,287. Literally a make-work program. OO

Appendix 1: Vocational Programs and Sources

Agency	APR reference	USC programs	CFDA programs	Web programs	Notes
HHS			93.595 Welfare Reform Research, Evaluations and National Studies	Welfare Reform and Social Services Research	FY 1999 appropriation \$15,000,000. OO
	Economic and Social Development (Goal 2.7)	Community Services Block Grants	93.569 Community Services Block Grant	Community Service Block Grant program	FY 1999 appropriation \$499,824,321. Training just one of many uses. OO
			93.612 Native American Programs	Native Employment Works Program	FY 1999 appropriation \$34,857,879. ED
		Fetal Alcohol Syndrome Prevention and Services Program			May be included in SAMHSA grants for pregnant women but not explicit. OO
HUD			93.822 Health Careers Opportunity Program	Health Careers Opportunity Program	FY 1999 appropriation \$28,169,973
	Poor become self-sufficient - Goal 3.2		14.870 Resident Opportunity and Supportive Services		FY 1999 budget \$55,000,000. Not a training program. OO
		Supportive Housing Program	14.235 Supportive Housing Program	Supportive Housing Program	Family Self-Sufficiency (FSS) program referred to in APR had \$25,000,000 budget in FY 1999. Funding provides coordinators (social workers?). OO
				Step-Up Program	Intended to meet immediate needs of homeless (not training). OO Funding from other programs (amt. unknown). Administered by the Office of Labor Relations in partnership w/DOL

Appendix 1: Vocational Programs and Sources

Agency	APR reference	USC programs	CFDA programs	Web programs	Notes
HUD			14.853 Public Housing - Tenant Opportunities Program	Tenant Opportunity Program	No funding in FY 1999. NF
	Jobs created - Goal 4.1		14.244 Empowerment Zones Program	Empowerment Zones/Enterprise Communities	FY 1999 appropriation \$45,000,000. No requirement that funds be used for job training. ED
			14.246 Community Development Block Grants/Economic Development Initiative	Economic Development Initiative	FY 1999 appropriation \$35,000,000. Not a training program. ED
			14.248 Community Development Block Grants - Section 108 Loan Guarantees	Economic Development Loan Guarantee Fund (Section 108)	FY 1999 appropriation \$1,261,000,000 (loan limitation). Not a training program. ED
			14.218 Community Development Block Grants/Entitlement Grants	Community Development Block Grants to Entitlement Communities	FY 1999 Appropriation \$2,952,740,000. Training minor objective. ED
			14.219 Community Development Block Grants/Small Cities Program	Community Development Block Grants to States and Small Cities	FY 1999 appropriation \$59,542,000. Infrastructure spending. ED
			14.225 Community Development Block Grants/Special Purpose Grants/Insular Areas	Community Development Block Grants for Insular Areas	FY 1999 appropriation \$7,000,000. Infrastructure spending. ED
			14.864 Economic Development and Supportive Services Program	Economic Development/Supportive Services	Not a training program. ED

Appendix 1: Vocational Programs and Sources

Agency	APR reference	USC programs	CFDA programs	Web programs	Notes
HUD			14.243 Opportunities for Youth - Youthbuild Program	Opportunities for Youth (YouthBuild)	FY 1999 appropriation \$42,500,000. Like AmeriCorps/Habitat for Humanity. GAO: only \$19,500,000 used for training.
	BIA Community Development Goal 2.4	Indian Reservation Vocational Training	15.060 Indian Vocational Training - United Tribes Technical College		FY 1999 appropriation \$2,310,000
Interior			15.108 Indian Employment Assistance	Job Placement Program	FY 1999 appropriation (incl. Adult Vocational Training) \$9,983,000. GAO: \$10,859,000.
			15.146 Ironworker Training Program		FY 1999 appropriation \$524,000
			15.061 Indian Job Placement - United Sioux Tribes Development Corporation		FY 1999 appropriation \$108,000. GAO: Not funded in FY 2000.
Justice			16.540 Juvenile Justice and Delinquency Prevention - Allocation to States		Not a training program. OO
				Urban League (Operation Rescue)	FBI program. Very little info. available.
				Communities in Schools	Office for Juvenile Justice and Delinquency Prevention (OJJDP) dropout prevention program. Training minor component. OO
				Challenge Grants - Gender-Specific Programming for Youth	Another OJJDP grant program for which training is just one of many options. OO

Appendix 1: Vocational Programs and Sources

Agency	APR reference	USC programs	CFDA programs	Web programs	Notes
Justice				Step-Up Program	Executive Office of Weed and Seed apprenticeships to public housing residents. Jointly funded w/HUD, DOL. DOJ budget unknown.
				Pathways to Success	OJJDP after school activities program. OO
		Alternative punishment for youth offenders		Task Force on Employment and Training for Juvenile Delinquents	OJJDP research program. OO
		Boot Camps		Gang Prevention	Nothing recent (since 1997) found. NF
			16.544 Gang-Free Schools and Communities - Community-Based Gang Intervention		Not a training program. OO
			16.726 Juvenile Mentoring Program	Juvenile Mentoring Program (JUMP)	OJJDP. FY 1999 appropriation (est.) \$20,426,345. More of a buddy system than training program. OO
			16.593 Residential Substance Abuse Treatment for State Prisoners		Not a training program. OO FY 1999 appropriation \$39,213,017. Not a training program. OO
	Performance Goal 2.3.3 (Drug Courts)	Drug Control and System Improvement Grant Program	16.585 Drug Court Discretionary Grant Program	Drug Courts Discretionary Grant Program	OJJDP grant (\$250,000 in 1999) to Boys and Girls Clubs of America. OO
				TeenSupreme Career Preparation Initiative	All-purpose at-risk teen program (OJJDP). OO
				Practical and Cultural Education Center for Girls, Inc., (PACE)	

Appendix 1: Vocational Programs and Sources

Agency	APR reference	USC programs	CFDA programs	Web programs	Notes
Justice	Performance Goal 5.4.1 (Inmate Services)	Correctional job training and placement		Education and Vocational Training	IE&VT Division, Bureau of Prisons. Budget unknown.
		Federal Prison Industries		Inmate Placement Program Federal Prison Industries	
Labor			17.254 Welfare-to-Work Grants to Federally Recognized Tribes and Alaska Natives		CFDA listed no funding for 1999. GAO: \$15,000,000 appropriated in FY 1999 but none in FY 2000. NF
	Welfare-to-Work (Goal 1.1A)		17.253 Welfare-to-Work Grants to States and Localities		FY 1999 \$1,829,120,384. GAO: only \$1,500,000,000 used for training.
			17.700 Women's Special Employment Assistance		FY 1999 \$7,802,000. Not a training program. PL
	Adult Disadvantaged Job Training (Goal 1.1B)	Adult Training Program	17.250 Job Training Partnership Act (II-A)	Adult Employment and Training Activities	PY 1999 \$955,000,000. GAO: only \$731,222,314 used for training.
			17.201 Registered Apprenticeship and Other Training	Apprenticeship Training	FY 1999 \$17,660,000
		Native American programs	17.251 Native American Employment and Training Programs	Indian and Native American Programs	PY 1999 \$57,815,000. GAO: \$69,639,842.
		Disaster Relief Employment Assistance			Not a training program. PL
			17.247 Migrant and Seasonal Farmworkers	Migrant and Seasonal Farmworkers	PY 1999 \$78,517,000. GAO: only \$67,596,408 used for training.
		Employment research, demonstration, and evaluation	17.248 Employment and Training Evaluation Projects		FY 1999 \$10,196,000

Appendix 1: Vocational Programs and Sources

Agency	APR reference	USC programs	CFDA programs	Web programs	Notes
Labor			17.249 Employment Services and Job Training Pilots – Demonstrations and Research		FY 1999 \$27,100,000
			17.257 One-Stop Career Center Initiative	One Stop Career Centers	FY 1999 \$150,000,000. Not a training program. PL
	Veterans in Need (Goal 1.1C)		17.804 Local Veterans' Employment Representative Program	Local Veterans Employment Reps.	FY 1999 \$75,125,000
			17.801 Disabled Veterans' Outreach Program (DVOP)		FY 1999 \$81,993,000
			17.805 Homeless Veterans Reintegration Project	Homeless Veterans' Reintegration Project	FY 1999 \$3,000,000
		Veterans' Employment Programs	17.802 Veterans' Employment Program	Veterans' Workforce Investment Program	FY 1999 \$7,300,000
	Youth Transition (Goal 1.2A)	Youth Fair Chance Program			School-to-work in FY 1998 budget (\$200,000,000)
		Youth opportunity grants	17.255 Workforce Investment Act	Youth Opportunity Grants	
		State education coordination and grants			
		Summer Youth Employment and Training Program	17.250 Job Training Partnership Act (II-B)	Youth Activities	FY 1998 \$871,000,000
Job Corps (Goal 1.2B)		17.250 Job Training Partnership Act (II-C)	17.250 Job Training Partnership Act (II-B)		FY 1998 \$130,000,000
		17.255 Workforce Investment Act	Job Corps	FY 1998 \$1,188,000,000	
Dislocated Workers (Goal 2.3A)		Older American Community Service Employment Program	17.235 Senior Community Service Employment Program	Community Service Employment for Older Americans	PY 1999 \$440,000,000. Not a training program. OO
		National emergency grants	17.246 Employment and Training Assistance - Dislocated Workers	Dislocated Worker Employment and Training Activities	PY 1999 \$1,403,510,000. GAO: only \$1,309,994,700 used for training.

Appendix 1: Vocational Programs and Sources

Agency	APR reference	USC programs	CFDA programs	Web programs	Notes
Labor	Dislocated Workers (Goal 2.3A)	Defense diversification program			
		Adult and Dislocated Worker Employment and Training Activities			
Transportation	Trade-Affected Workers (Goal 2.3B)	Import Competition Adjustment Assistance for Workers	17.245 Trade Adjustment Assistance - Workers	Trade Adjustment Assistance (TAA)	FY 1999 \$131,100,000. GAO: only \$120,000,000 used for training.
		Railroad Unemployment Insurance			Training, if offered at all, appears to be a very minor part of this program. OO Not a training program. PL
Veterans		Employment Assistance Centers (Coast Guard)		Spousal Employment Assistance Program	Not a training program. PL
		Vocational training for certain pension recipients	64.123 Vocational Training for Certain Veterans Receiving VA Pension		FY 1999 \$37,000. Not a training program. OO
		Survivors' and Dependents' Educational Assistance	64.117 Survivors' and Dependents' Educational Assistance	Dependents' Educational Assistance	FY 1999 \$135,787,000. Not a training program. OO
			64.124 All-Volunteer Force Educational Assistance	Montgomery GI Bill - Active Duty (MGIB)	FY 1999 \$886,509,000. Not a training program. OO
		Job Counseling, Training and Placement Service for Veterans	64.120 Post-Vietnam Era Veterans' Educational Assistance	Montgomery GI Bill - Selected Reserve (MGIB-SR) Veterans Educational Assistance Program (VEAP)	FY 1999 \$18,951,000. Not a training program. PL
			Work-Study Program	FY 1999 budget \$34,000,000. Not a training program. OO	

Appendix 2: Program Areas and Cost Data

Agency	Program area/APR reference	Appropriation in thousands - FY 1999	Unit cost	Placements per \$million
Education	School-to-Work Opportunities – Indicator 2.2	\$149,000**	For 1996 (most recent data): \$578 per HS graduate that entered either college, employment or the military	1729
Labor	Veterans in Need (Goal 1.1C)	\$167,000	\$579 per veteran assisted into employment	1727
Education	Perkins Vocational and Technology Education (State Grants and Tech-Prep) - Indicators 3.1 & 3.2	\$1,056,000**	For 1996 (most recent data): \$660 per vocational concentrator who graduated and entered postsecondary education or employment.	1515
Interior	BIA Community Development Goal 2.4	\$12,928	\$1159 per participant who reached own objectives	863
Labor	Adult Disadvantaged Job Training (Goal 1.1B)	\$955,000*	\$4614 per participant employed one quarter after exit	217
Labor	Indian and Native American Programs	\$53,700*	\$6729 per trainee placed in a job	149
HHS	Economic Independence (Goal 2.1 - refugees)	\$423,000*	\$8088 per refugee entering employment via ACF-funded services.	124
Labor	Dislocated Workers (Goal 2.3A)	\$1,347,000*	\$8242 per trainee employed one quarter after exit	121
Labor	Migrant and Seasonal Farmworkers	\$73,000*	\$10,000 per trainee entering employment	100
Labor	Youth Transition (Goal 1.2A)	\$1,201,000*	\$16,821 per trainee employed or obtaining advanced education or job skills	59
Labor	Welfare-to-Work (Goal 1.1A)	\$1,476,000	\$18,503 per trainee placed in unsubsidized employment	54
Labor	Job Corps (Goal 1.2B)	\$1,188,000*	\$20,479 per trainee placed in a job	49

Appendix 2: Program Areas and Cost Data

Agency	Program area/APR reference	Appropriation in thousands - FY 1999	Unit cost	Placements per \$million
Education	Tribally Controlled Postsecondary Vocational Institutions - Indicator 1.1	\$4,100	\$21,926 per student earning a degree or certificate	46
Labor	Trade-Affected Workers (Goal 2.3B)	\$131,100	\$29,661 per verified re-employment	34
Education	State Grants for Incarcerated Youth Offenders - Indicator 2.1	\$12,000	no outcome data found	
HHS	Foster Child Independence Programs	\$70,000	no outcome data found	
HHS	Health Careers Opportunity Program	\$28,170	no outcome data found	
HUD	Step-Up Program	?	no outcome data found	
HUD	Opportunities for Youth (YouthBuild)	\$19,500***	no outcome data found	
Justice	Urban League (Operation Rescue)	?	no outcome data found	
Justice	Step-Up Program	?	no outcome data found	
Justice	Inmate Education and Vocational Training	?	no outcome data found	
Labor	Apprenticeship Training	\$17,660	no outcome data found	
Labor	Employment research, demonstration, and evaluation	\$37,296	no outcome data found	
		* FY 1998 ** FY 1996 *** GAO study		

APPENDIX 3: PROGRAMS EXCLUDED FROM OUR ANALYSIS

We identified 105 programs that mentioned vocational training in their descriptions. Many of these were authorized to offer such services but have not done so or do not place enough emphasis on training to justify comparison with those that make it their primary means of assistance. Sixty-one programs were excluded from our analysis because they were placement services, economic development programs, not funded, or focused primarily on goals other than vocational training. Here are some examples:

Placement Services: The Department of Labor operates One-Stop Career Centers to provide its customers with a single access point for information about its various programs. This is an administrative cost that should be allocated to those programs, because in and of itself, this will not train anyone. It's a job bank; desirable and necessary, perhaps, but not providing services that can be compared to other programs we've chosen to include in our study.

Economic Development: Four programs in the Department of Agriculture (USDA) use grants or loans to create or save jobs in rural communities (all in the Rural Business-Cooperative Service and Office of Community Development). But all fail to qualify for our study because they do not fit the goal (enhance employability) or the method (vocational training). These programs are designed to help geographic areas, not individuals. Although measures for these programs are similar (number of jobs created is the flip side of number of people finding employment), they really measure something different. ED programs might be justified on the basis of creating jobs with infusions of project dollars. But this is not the same as adding knowledge or skills that satisfy existing demands and can be used in other places and times.

The Department of Housing and Urban Development (HUD) included a job creation goal (4.1) in its Annual Performance Report that was supported by a handful of Community Development Block Grant programs that spent over \$4 billion in FY 1999. These programs financed housing rehabilitation, public facilities, and large-scale physical development projects intended to “develop viable urban communities” and “aid in the prevention or elimination of slums or blight.” Even though HUD (like the USDA) uses job creation as a measure of success for these programs, we declined to include these pro-

grams because they were clearly not created with the primary purpose of training individuals.

Not Funded: This category is self-explanatory. For example, some School-to-Work programs in the Department of Education were authorized but not funded. Nothing was found in the CFDA and no funding appears in the FY 2000 budget.

Other Objective: More than half of the programs we excluded were found, on closer inspection, to have vocational training as just one of many means used (or at least allowed) to reach other goals. While in each case it was clearly desirable that the participants enter the workforce, other concerns dominate management of the program (and, of course, measures of success). It was not considered feasible to attempt comparison of these programs' effectiveness at training with those concentrating solely or primarily on that task. Eight examples are given just to illustrate the variety of judgments involved in a selection process of this kind.

Department of Agriculture — Food Stamp Program
Able-bodied adults must meet a work requirement; evidently, a number of employment and training programs have been created to help these individuals achieve and maintain eligibility. States administer the program and seek funding from the Food and Nutrition Service. It appears that training is an optional activity that is factored into the costs, because no separate budget or program is found at the federal level. Under these circumstances, USDA has no reason to be concerned with how aid recipients find work. Controls on the amounts of allowable expenditures are assumed to protect the agency's interest.

Department of Commerce — Special American Business Internship Training Program
This program awards funding to qualified U.S. companies for training business executives and scientists from the New Independent States (NIS) of the former Soviet Union. It is intended to help them learn how to restructure their businesses in foreign countries, not to gain employment here.

Department of Education — National Vocational Education Research
Awards are made to universities for activities designed to improve the practice of vocational education. This

may ultimately help people qualify for jobs but is well outside the scope of this study.

*Department of Health and Human Services —
Temporary Assistance to Needy Families (TANF)*

Like the food stamp program, this large entitlement program gives states, territories, and tribes broad flexibility to use grant funds in any manner that meets the purposes of the program (primarily facilitation of in-home child care). According to the department's Annual Performance Report, there are work participation targets that must be met by each state agency. Also, the responsible agency (Administration for Children and Families) apparently collects employment data on whether recipients remain employed (as evidenced by another measure in the same report. But there does not seem to be any justification for evaluating how these goals are met, since incentives and caps are built into the funding scheme.

*Department of Health and Human Services —
Social Services Block Grants*

These funds are provided to enable each state to furnish social services best suited to the needs of the individuals residing in the state. Rules direct their use toward five specified goals, the first two of which are to prevent, reduce, or eliminate dependency and to achieve or maintain self-sufficiency. Although one would expect to see far more emphasis on vocational training in this program than in the food stamp and TANF programs, its flexible design is very similar; reporting may provide insights to the impact of training but in the absence of a requirement (including standards), such data are not likely to be helpful in this sort of comparison.

*Department of Justice — Drug Courts
Discretionary Grant Program*

The Office of Justice Programs maintains a website called Building Blocks for Safe and Healthy

Communities that uses a tree graphic to direct visitors to various programs; employment is one of them. Drug Courts are included because job training appears as one of several measures at the disposal of judges to teach responsibility and to transition offenders back into the community. This item is last on the list, though, and measures in the performance report are of recidivism, not work status. Training here is a means to reach goals separate from employment.

*Department of Labor — Senior
Community Service Employment Program*

Organizations use this grant money to create and pay for part-time community service job positions for persons age 55 and above whose income is at or below 125 percent of the poverty level. According to the CFDA, a secondary objective is — “to the extent feasible” — to assist and promote transition of program enrollees into unsubsidized employment. This is apparently a welfare program that attempts to create some other spinoff benefits to the community. In spite of a few possible exceptions, the program as a whole cannot be considered to vocational, because participants are paid for what would normally be considered volunteer work, not for practicing a trade (which would involve marketable skills).

*Department of Veterans Affairs — All-Volunteer
Force Educational Assistance*

This is an earned benefit (G.I. Bill) that funds education at any approved educational institution (postsecondary or vocational) via direct payments to the veteran. There is nothing to manage except processing checks, and since the government's responsibility is met by doing just that, evaluation of other results is not warranted. It would be virtually impossible, anyway, because participation is optional, all progress is under control of the individual and no reporting is required.



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