

A CASE STUDY OF A TRAINING PROGRAM CONDUCTED
UNDER THE MANPOWER DEVELOPMENT
AND TRAINING ACT OF 1962

by

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CHAPTER I

UNEMPLOYMENT: GENERAL CONDITIONS

Introduction

The purpose of this thesis is to analyze and equate the effects of the Manpower Development and Training Act of 1962 in Radford, Virginia. This Act is a major instrument in carrying out our national policy for full employment. It is through this Act that the Congress of the United States hopes to curtail the waste of our basic resource - manpower.

In order to put the Radford case study in proper perspective it is necessary to review the condition of the economy leading up to the passage of the Act. Particular emphasis has been given to the labor market. It was also necessary to analyze the Act itself to determine the actual intent of Congress.

After examining these areas, an actual application of the program is investigated through personal interviews. The application in this case is located in Radford, Virginia.

The case will be scrutinized to determine if the intent of the Act was carried out. The investigator will also attempt to ascertain if the intent of the Act adequately fits the needs of those it was designed to aid.

Employment Policy

The Employment Act of 1946 states:

The Congress hereby declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy, with the assistance and cooperation of industry, agriculture, labor, and State and local governments, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing and seeking work, and to promote maximum employment, production and purchasing power.¹

This is the basic economic policy of the United States Government. This policy recognizes that relatively full employment is necessary for the economic health of the nation. Full employment is a pillar on which the sustained economic growth of the United States rests.

There can be no question that relatively full employment is desirable. We can be equally sure that it is necessary. This can be substantiated in The Report of the Commission on Money and Credit, a special commission of the Board of Trustees of the Committee for Economic Development, which stated:

The unemployed do not enjoy the benefits of prosperity..... For the unemployed, being without a job means not only loss of income and hardship for the family, but also a possible loss of self-respect, a sense of personal failure, and, at times, a loss of social standing in the community. In addition, unemployment represents a waste of productive resources.²

In the Economic Report of the President, Mr. Johnson stated:

I regard achievement of the full potential of our resources - physical, human, and otherwise - to be the highest purpose of governmental policies next to the protection of those rights we regard as inalienable.³

The cost of unemployment is tremendous. It has been estimated that had relatively full employment in 1963 been an accomplished fact the Gross National Product could have been at least 40 billion dollars greater than was achieved.⁴ This amounts to roughly five percent of the 600 billion dollar rate of Gross National Product which was achieved during the last quarter of 1963.⁵ For every 20 dollars in potential output we have, we are letting one dollar go down the proverbial "drain". A businessman with a similar drain would soon be pushed out of business by more competitive operators. Our nation may be pushed in the same way by the rising economic power of the Common Market. There unemployment in many ways has become a thing of the past.

President John F. Kennedy in his Manpower Report to the Congress in 1963 said:

Manpower is the basic resource. It is the indispensable means of converting other resources to mankind's use and benefit. How well we develop and employ human skills is fundamental in deciding how much we will accomplish as a nation..... Ours is a rich nation, but not inexhaustibly so. There are 32 million Americans who are still on the fringe of poverty and worse. A nation can waste its resources as surely as an individual can. Without measure, the greatest waste we experience today is that of unemployment.⁶

This points to the fact that our free enterprise economy has some sore spots. It may be only a slight sore, but it is well known that a sore which cannot be healed, may become malignant and spread throughout the body. We have more output potential than we are demanding. If Keynes were the doctor, he might say that increased aggregate demand will heal the sore and dry up unemployment. However, today we find this is not the proper prescription. We have increased output in 1963 to near record levels, but there has been no noticeable drop in the unemployed. In fact, in absolute number it has increased.

Employment and Growth

Recent Developments

In 1957, the unemployment rate in the United States adjusted for the year was 4.3 percent.⁷ Since that year it has never been below five percent. Over 4,166,000 workers were unemployed in 1963.⁸ One hundred sixty-four thousand of these had been unemployed for 26 weeks or longer.⁹

The strange paradox of these statistics is that this high rate of unemployment occurred during a time when the general economy was enjoying one of the longest durations of prosperity in our history. From 1947 to 1957 the nation's Gross National Product in constant dollars was

increasing at an annual rate of 3.8 percent. The next five years (1958-1962) show that the annual rate had dropped to 2.9 percent.¹⁰

However, it should be noted that since the end of our last recession in the first quarter of 1961, we have had an increase of 16 percent (constant dollars) in the Gross National Product.¹¹ It was the greatest advance in a peacetime economy we have ever experienced. This period showed an increased two and three-fourths million jobs. The labor force reached over 70 million workers.¹²

This tremendous surge still left approximately 5.5 percent (3.75 million workers) unemployed.¹³ This means in effect that we are running just to stay even.

Future Trends

What about the future? How many more jobs must the economy provide to keep up with the expanding population?

In the decade, 1960-1970, government officials estimate that more than 26 million young workers will enter the labor market.¹⁴ Barring some great disaster, war or the like, it is an absolute fact that these people will enter the labor force. They are already part of our population.

This increase reflects the fact that during the 1950's we had a greater growth in population under 14 years of age (about 15 million) than those over 14 years of age (about

14 million).¹⁵ The impact of this on the labor market can be shown by noting that during the 1950's a 400,000 increase in the age group 14 - 25 was experienced. The 1960's will add six million new workers to the same age group.¹⁶

Now, couple this tremendous increase in the labor force (13 million) with the need for two million additional jobs per year to offset those lost to automation, which makes 26 million new jobs to be created.¹⁷ However, this may not be enough jobs since we estimate the number displaced by automation on the present rate.

If the percent of unemployed persons in the work force remains constant at above five percent then based on a projected work force of over 85 million in 1970, this country will have over 4,250,000 persons out of work.¹⁸ The problem is whether or not we can absorb this many new workers into our labor force. If the nation is able to sustain a growth rate commensurate with creating enough new jobs to accomplish relatively full employment, will full employment occur?

The effects of a prolonged recovery period following the 1960-1961 recession indicate that unemployment will continue to remain at a high level. An effect of the 1960-1961 recession was the settlement of the unemployment rate at a rate higher than the post-war norm.¹⁹ This was also the case after both the 1953-1954 recession and the 1957-1958

recession.²⁰ Much of this trend can be attributed to the increased productivity of the worker.

An apparent contradiction to this trend is that available jobs are not being filled. In many industries work has to be curtailed because of the lack of labor to produce the goods demanded. Overtime hours are increased to fill the void left by the lack of new workers.

Unemployment Defined

A better understanding of this phenomenon can be accomplished by defining unemployment. There have been an almost uncountable number of names for the various phases of unemployment. For this thesis the terms which are preferred by the Joint Economic Committee of the Congress of the United States will be used.²¹ These terms are:

Seasonal

Seasonal - The effects of the weather and customary buying patterns (which are partially influenced by the season) are implicit. In addition, a few analysts mention - and presumably include - labor force entries and exits, which tend to concentrate at certain times of the year.

Many consider seasonal unemployment to be a form of "frictional" unemployment, in the sense that it is accepted as part of minimum unemployment levels.

Without doubt this phase of unemployment is the most clearly understood and at the same time, the most difficult to measure. The problem of measurement is in differentiating

among the various causes of the unemployment to determine if the cause was primarily seasonal or was it a combination of seasonal, cyclical and structural unemployment.

Cyclical

Cyclical - This type of unemployment gets its name from the changes occurring during the recession phase of the business cycle. Some analysts limit the term explicitly to nationwide or general business declines; a few recognize the fact that certain industries have a cycle of their own, distinct from that of the economy as a whole.

Some observe a cyclical component in the technological unemployment - the rise and fall of new industries, the need to make adjustments to technical changes of new developments - and link the two types with economic growth and a continuing process. Some go behind the term to point to causes of the business cycle and end up with a definition which embraces unemployment resulting from a general deficiency of demand, although recognizing the label is not entirely appropriate.

The importance of identifying cyclical unemployment in its early stages of development cannot be over-emphasized. It is this area that monetary and fiscal policy instituted by the Federal Government can be comparatively effective if instituted in time. Albert Rees of the University of Chicago and Center for Advanced Study in the Behavioral Sciences states:

Cyclical unemployment is often prolonged and often causes hardship to the workers affected; it can become cumulative if curtailment of the spending by the unemployed leads to new layoffs. It is thus essential not to mistake a seasonal increase in unemployment for the beginning of a recession, or a seasonal decrease for the end of one. ²¹

This type of unemployment occurs as a result of depressed business conditions, nationwide or industry-wide, and it increases in magnitude as the severity of the decline increases.

Frictional

Frictional - This type of unemployment is associated with the fact that in a dynamic economy, there will not be a perfect matching of available jobs with available people. Many authors apply this term only when unsatisfied demands for labor or unfilled jobs are present somewhere in the economy and individual workers, for any of several largely inescapable reasons, cannot immediately be matched with suitable positions. Thus, the term reflects the immobility of labor and capital equipment and the imperfect organization of the labor market, such as a lack of knowledge of job opportunities.

Here we must be careful not to make the definition wide enough to include those workers restricted by immobility or other "structural" unemployment characteristics. It should describe this type of unemployment as temporary. Its cause is the result of natural occurrences which are essential to the continued growth of our free-enterprise economy or for that matter, any economy. It includes: voluntary quits, reorganizations, business failures, new business and the like. This unemployment characterizes the normal readjustment that must occur within the economy to insure the greatest possible efficient allocation of resources.

Structural

Structural - The word "structural" frequently implies that the economic changes are massive, extensive, deep-seated, amounting to transformation of an economic structure, i.e., the production functions or labor supply distribution. More specifically, it refers to changes which are large in the particular area, industry, or occupation. These basic economic changes are considered as shifts - for instance, between industries or between geographic areas of the national economy - not as absolute decreases within the particular economic structure being discussed.

Length of unemployment also is stressed in many definitions. The stubborn and persistent unemployment resulting from the more massive changes in economic structures is considered to be structural, in comparison with the relatively short duration of frictional unemployment.

Recently, the term "structural" has been applied to include the composition of the labor force, with the implication that changes in supply, for instance in the number of unskilled workers, can effect total unemployment. (A change in the mix of the labor force could cause a rise in the unemployment rate without a rise in the rate for any of the age-sex groups; this type of structural unemployment is not numerically significant and under present labor force conditions represents more of a statistical than an analytical problem.)

This means that a "shift" has occurred in the structure, not a decrease. For example: (a) the movement of textile mills in the New England states to the South brought about mass unemployment in that area. There was no decrease in the aggregate economy, merely a shift. (b) the increased use of petroleum product, by both industry and consumer at the expense of coal, has caused unemployment in the coal fields.

Lack of worker mobility is an important element in structural unemployment. Perhaps there is a job available and a worker who could fill the job except he is located some distance from the employment and, therefore, cannot take the job. This means if there are openings for coal miners in California it is unlikely that the unemployed coal miners of West Virginia could fill the position. Their reasons are based on two primary objections. One is the cost of moving to a new area. This, to a man who has been unemployed for six months or longer, can look like an unattainable amount of money. Secondly, these people do not want to move from an area in which they have lived most of their lives. The move would force them to give up the security that their present geographical location gives them.

Another element affecting structural unemployment is prejudice. Prejudice is responsible for the failure to hire available qualified personnel for employment openings. This prejudice involves race, religion, age, sex, and uneducated workers. Negroes, Puerto Ricans, and Indians make up a significant part (21.9 percent in 1963) of the unemployed, although they account for only 11 percent of the population.²³

Unemployment of youths in their teens (male and female) accounts for 16 percent of all unemployed in this country today. With the tremendous influx of workers in this age

range, as pointed out earlier, the problem becomes acute. The employer here has doubts about the dependability of the young worker. Many have come into the labor force with little training and no experience. For those males who are qualified for employment, the specter of the Selective Service draft hangs over their heads.

These elements are all components of structural unemployment. They are intertwined in any number of combinations. Besides youth, race, and mobility, such problems as the older worker and technological displacement also complicate the situation.

The Joint Economic Committee further states:

Insufficient growth in the economy as a whole magnifies all kinds of unemployment, but it is considered by some as especially important in connection with structural unemployment, since it slows down the accommodation of the continuing and necessary shifts in demand as between industries, occupations and areas.²⁴

It is during this period that industry which is feeling the economic "pinch" is unwilling to aid in the movement, readjustment and placement of the unemployed. Further, the unemployed person is not, for the most part, able financially to make the necessary changes. It is this condition that makes structural unemployment the most dangerous from the standpoint of the national good.

Underemployment Defined

On top of unemployment we have underemployment. Underemployment, as we use the term in the United States, refers to those people who work less than 35 hours a week.²⁵ In March, 1964, Labor Department figures showed that 7.66 million people were in this category, up 6.4 percent from the year before.²⁶ While we can safely say that not all of these workers want full-time employment, we can safely say that a large portion do want full-time employment. Mrs. Gertrude Bancroft of the Bureau of Labor Statistics in writing for the Joint Economic Committee, states there are two types of underemployed persons:

(1) Those who usually work full-time (35 hours a week or more) at their present jobs but have been cut back because of slack work or the start of a new job; (2) Those who usually work part-time at their present jobs and cannot find full-time work. There are large numbers of part-time workers who do not want any more work.²⁷

The last sentence of that quote can be attributed to the restrictions placed on earnings of persons receiving Social Security and mothers who have additional household duties.

The Labor Department further defines the underemployed as part-time for economic reasons and part-time for non-economic reasons.²⁸ Part-time for economic reasons is caused by slack business, material shortages and the inability to find full-time work. Whereas, part-time for non-

economic reasons includes voluntary part-time and such temporary causes as bad weather, brief illness, strikes and vacations.

The fact that this type of worker is on the increase is disheartening because it means that those who depend on it for a livelihood are either in or bordering on poverty. This condition, as has been the problem in so many cases, can, in part, be attributed to the great additional cost of hiring full-time employees that has been forced on employers by government and union policy. This includes such cost as retirement plans, Social Security, extra record keeping for government agencies and many other additional costs that the employer must pay.

Evidence of the increase of part-time labor can be seen in a recent report which shows in:

- 1949 - part-time workers were 7.5% of total non-agricultural employment
- 1957 - part-time workers were 9.8% of total non-agricultural employment
- 1962 - part-time workers were 11.8% of total non-agricultural employment²⁹

This means that part-time employment is likely to take a significant portion of any increase in employment openings.

Mrs. Irma Rittenhouse of the Division of Employment of New York State Department of Labor paraphrases the concept of underemployment as prepared by the International Labor Office for the Ninth International Conferences of Labor Statisticians, as follows:

1. Visible underemployment, or a deficit of hours of work by persons with a job but working fewer hours than normal despite willingness to accept additional employment. This variety is best illustrated by the part-time worker who would like to work more hours per week but cannot find the fuller employment he seeks. The concept does not include the time in excess of normal full-time hours which some workers would be willing to work for suitable compensation.

2. Disguised underemployment occurs when individuals are working for normal or almost normal hours but are not called upon to use their highest level of skill and draw abnormally low earnings in relation to their abilities. In the industrial sector of our economy, we find in this category persons who because of immobility or for other reasons cannot get into jobs with skill requirements they are qualified to fulfill; also workers who have been laid off from a plant leaving the area and who can find new employment in their communities only at much lower skills, productivity and wages. Another example is skilled workers who may be retained on the job after a contraction of force but are required to do work below their skill level. Disguised underemployment is also prevalent in rural areas where the inadequate holdings of a small-scale farmer may absorb a disproportionate amount of work in relation to the results obtained, or where skilled agriculturist may obtain work only in badly paid odd jobs.

3. Potential underemployment exists when employed workers are contributing less labor than could be offered, merely by reason of inefficient production organization or techniques. Although this is specially a problem of underdeveloped countries, it is not absent in the United States. Just as technological improvements are a response to high labor costs and tend to maximize the return from labor, so where there is a relative over supply of labor, inefficient organization and backward production methods can usually be found. This situation exists in some industrialized or urban areas. It is commonplace in agriculture.³⁰

The famous Swedish political economist, Gunnar Myrdal, states in his book, Challenge to Affluence:

More than 40 percent of the families whose heads were unemployed lived in poverty. They constituted a fourth of the total population living in poverty. The other three-fourths had occupations for which we have invented the new term "underemployed" when analyzing the development problems in underdeveloped countries in order to characterize people who have been stuck in localities and jobs on a low level of productivity, and, consequently, of earnings.³¹

We can blame unemployment and underemployment for the more than 35 million men, women and children in this country caught in the throes of poverty.

If there is a possibility of eliminating poverty, it must come through the extermination of unemployment and underemployment in order to obtain "full employment".

Full Employment Defined

Full employment is difficult to define and even more difficult to obtain. Even when this nation was involved in the immense war effort needed for World War II, completely full employment was not obtained. There are always some unemployables. These are workers who will not work or those workers that have some physical or mental problem that prevents their adaptation to any type of employment. Next, the total work force is flexible. Today, for example, a number of persons are retiring early rather than be an unemployed member of the work force. Women readily enter and leave the work force as demand for employees increase or

decrease. Dr. Ewan Clague, Commissioner of the Bureau of Labor Statistics, in hearings before a Congressional subcommittee stated:

An expanding labor force, if reasonably fully employed, will expand the production of the economy; those two go up together. . . sometimes a business expansion will eventually, as we near prosperity levels, bring in a lot of additional workers into the labor force. There are large numbers of the labor force who are attached temporarily or on a part-time basis during the year, many people who are on the fringes, so to speak, millions of them as a matter of fact.

Now, sometimes it happens that a great wave of prosperity will not necessarily reduce unemployment as much as you might think, because new workers enter the labor force to get those jobs.³²

This means that to have full employment we would have to expand the labor force to include exceptions such as this. Of course, this is not likely. The magnitude of this type of labor force growth could not be obtained, barring war, which if past experience is any measure, will not even bring full employment completely into being.

Going further into the unemployment picture, we can readily see that frictional unemployment will occur under almost any circumstance. The normal movement or velocity from job to job is even likely to increase as we near full employment.

Seasonal unemployment will be unavoidable even if other seasonal jobs are provided. There will be a certain amount of time lapse before the job can be filled.

By definition, we must eliminate cyclical unemployment since it could not occur during times of near full employment.

Since these exceptions to perfectly full employment are evident, we must accept an employment picture that accomplishes as near to full employment as possible, less the unemployment that will occur in the previously stated ways. In other words, we could call the ultimate employment situation, relatively full employment. A committee of the American Economic Association defined full employment as when:

. . . qualified people who seek jobs at prevailing wage rates can find them in productive activities without considerable delay. It means full-time jobs for people who want to work full-time. It does not mean that people like housewives and students are under pressure to take jobs when they do not want jobs, or that workers are under pressure to put in undesired overtime. It does not mean that unemployment is ever zero. People are unemployed for a time while changing jobs. Full employment is the absence of mass unemployment.³³

The Department of Labor feels that an acceptable rate of unemployment will fall between two and four percent.

An unemployment rate of four percent or less has thus been achieved in actual practice, without the application of special measures directed at reducing labor-market limitations and without government assistance on any broad scale in qualifying workers for new jobs. Therefore it seems reasonable to assume that, given a national effort directed at specific aspects of the unemployment problem and accelerated economic growth, unemployment could be reduced well below the four percent level without undue strain on the economy.

Another yardstick. . . is the current experience in other industrialized western countries. Even after allowance is made for differences in concepts and definitions, unemployment rates in many such countries are in the neighborhood of two percent.³⁴

As stated previously, cyclical, frictional, and seasonal unemployment must fall to a large degree in the acceptable level of unemployment at relatively full employment, therefore, the reduction of the unemployed must come from that group of unemployed loosely called the "structural unemployed" and the underemployed. It must be from this general area that we can expect any reasonable cut in the unemployment rate to develop.

The underemployed workers obviously possess the desire to work and a certain amount of ability. The problem will be to up-grade these workers and put them into the ranks of the full-time worker.

The structurally unemployed fall into a great number of categories. It contains the long-term unemployed, the technologically displaced, the inexperienced youth, the minorities, and unskilled. The problem in this area is to train these people for occupations that are needed and that they can handle. Myrdal states:

The present situation of large-scale structural unemployment in the United States is caused by the absence of jobs that can easily be done by workers who are released through technological development, and by the lag in adjustment of the quality of a large portion of the young and older workers to changed labor demand.

From the policy point of view, there are two ways of overcoming the present discrepancy in America between the direction of labor demand when it is permitted to expand and the present quality of the unutilized labor supply. One way is to expand production in fields where the result will be a demand for labor of the quality that exists or can easily be acquired. The other way is to change the quality of the labor supply by education and training. As we shall see, the two types of policy-induced changes are closely interrelated.³⁵

The United States Congress has attempted to utilize both solutions. The first method is incorporated in the Area Redevelopment Act.³⁶ The second is the basis for the Manpower Development and Training Act of 1962.³⁷ It is this second measure that this paper seeks to analyze.

CHAPTER II

THE PURPOSES OF THE MANPOWER DEVELOPMENT AND TRAINING ACT

Problem Areas Defined

Senator Wallace F. Bennett of Utah, while investigating the need for an area redevelopment program, asked the directors of the various state development agencies to list in order of importance the factors which they considered attracted business to their state. He received 47 replies. All placed a trained and adequate labor force second in importance to market.¹ This expresses the importance placed on trained personnel by the business community.

The structurally unemployed and the underemployed are for the most part either totally or partially untrained. Each of the individual groups within the structural unemployment class has its own problems. Therefore, we cannot use a standardized plan to solve this problem. It must be tailored to fit the problems of each individual group. However, we do have one common denominator. The basic desideratum is training. This is one area which must be dealt with to reduce underemployment and structural unemployment.

Generally speaking, as pointed out in Chapter I, the groups that have the greatest unemployment in proportion to their share of the labor market are (a) youth, (b) older workers, (c) non-white workers, (d) the unskilled workers, and (e) technologically displaced workers. It is true that in a large number of cases the classifications overlap, but I believe a fair appraisal can be obtained by examining each classification.

Youth

In 1962 young people under 19 years of age represented about 13 percent of all unemployed. Those between the ages of 20 and 24 represented approximately another nine percent of the unemployed.² This group (20 - 24 years of age) also has a long-term unemployment problem. Although the labor force as a whole has experienced a 50 percent increase in long-term unemployment in the past five years, this group has experienced more than a 100 percent rise in long-term unemployment.³

It can easily be seen that part of the problem is inexperience, immaturity, lack of seniority, ignorance of the ways of the labor market place, and, moreover, for boys, their susceptibility to the draft. However, we can attribute most of this to the fact that training is now needed to fill the new jobs coming open on the market. This means

that those youths who dropped out of school before graduation cannot fill the position. (The unemployment rate for drop-outs in the 16 - 24 age group in 1962 was 29 per cent, nearly double the graduates in the same group.)⁴

The significance of these percentages is magnified when compounded by the fact that 26 million youths will enter the market in this decade. This means that by 1970 the largest portion of our unemployed will be under 25 years of age. This is more than a waste of manpower; it is a waste of the young people - the very core of our hope for the future. The sociological importance of this situation cannot be overemphasized.

Older Workers

The older worker has the advantage of seniority rights and experience that the younger worker does not have. However, once he has become unemployed, he has a number of overwhelming disadvantages. Employers feel that his attendance will be cut by advancing age. The prevailing attitude is, "you can't teach an old dog new tricks". This means that he will not be hired where training is required. Most employers feel that his productivity will be less than a young man's.

The older worker is further disadvantaged because his skills have become outdated. Since he may have a lack of

formal education, he may not readily adapt to changing job procedures. He may, in fact, become obsolete. To this situation we may add the fact that most older workers cannot or will not shift readily to employment opportunities outside of the area.

The extent to which these disadvantages affect employment of the older worker can be seen in the Bureau of Labor Statistics figures on employment. In 1963 approximately 24 per cent (998 thousand) unemployed were in the 45 to 64 age range.⁵ Workers in this age category, while representing about one-third (over 25 million) of the work force, have about one-fourth (24 per cent) of the unemployed.⁶ At first glance, this may appear to be a better than average rate, which it is, but the problem comes when we look at the duration of the unemployment. Although 26.1 percent of the unemployed have been so for 15 weeks and over, the older people (45 - 64) account for 67.2 percent of this number.⁷ This duration has a tendency to be a good deal longer than other age groups as demonstrated by the statistics that 68.5 percent of the 588,000 unemployed over 27 weeks are 45-64 years of age.⁸

These people must be retrained to put them back in the labor market. Because of these many disadvantages, they must be given an additional edge to compete successfully for jobs with younger people.

Non-whites*

Although non-whites account for only 11 percent of the population of the United States, they make up 22 percent of the unemployed. This can be attributed in the main to the direct and indirect discriminatory practices that have been characteristic of our social and economic structure.

The result of these practices has been the large drop-out problem with non-white youth. Fifty-seven percent of their youth drop-out before completing secondary education.¹⁰ This is double the white rate.

Unless educational standards can be raised in this group, the problem will get worse. It will feed upon itself. Poverty will breed more and deeper poverty. The Federal Government is attempting to lower the barriers of discrimination through policy decisions and is now attempting to pass civil rights legislation. This may give the non-white the right to work, but training and education must come first to see that he is able to hold the job he has a right to have.

Unskilled Workers

In three previous disadvantaged groups discussed, there was a noticeable difference in the case of workers who had

*This term includes Puerto Ricans, Mexican-Americans, Indians, and Negroes. Negroes make up 92% of this group.⁹

training and those who had not. Since these three groups are major components of this group, it can be said that their problems are synonymous. However, in this group the single reason for unemployment is lack of skill. This, of course, stems in part from a lack of education. Nevertheless, we cannot say that skill is dependent on education. Education, of course, aids in the acquiring of skill, but native intelligence and agility are more important for learning many skills.

A comparison of unemployment rates will show that non-farm laborers, and operatives (semi-skilled) have high unemployment rates (over 10 percent), whereas, professional and technical people have very low unemployment rates.¹¹ This indicates the long-run trend of the industrialized economy to require more and more skill as its productive capacity increases. Therefore, in order to avoid large scale unemployment the unskilled and semi-skilled must be trained to higher levels of proficiency.

Technologically Displaced Workers

Technologically displaced workers differ from the unskilled worker to the extent that they once had a job that for the most part required some degree of skill. Their problem is that automation and modern methods have taken their jobs.

Technological displacement does not only mean the workers who have been directly replaced by machines; it means those workers who were employed in declining industries. The coal industry is an example of both types of displacement. On the one hand, increased need for workers, while on the other hand, oil and other fuels have cut the demand for coal.

An important aspect is that this type of unemployment hits those workers in the semi-skilled areas first and hardest, and then begins to eat into the skilled ranks. The semi-skilled, because of his lack of training, enters a labor market which already has a number of semi-skilled unemployed. This tends to cause a deepening effect on long-run unemployment among this type of worker.

This disadvantaged group must grow, unless they can be given new skill, if the rapid technological progress so necessary to the growth of the economy is to continue. It is obvious that this segment of the unemployed must be retrained, else the drag on the economy will be overwhelming. It is also obvious that this is the segment of the economy that can least afford the cost of retraining; therefore, public aid must fill the gap.

Shifts in the Labor Market

In 1947, 51 percent of the labor force was engaged in goods manufacturing industries, which includes construction,

agriculture, mining and manufacturing. In 1963, this same industry had only 40 percent of the labor force.¹²

Today the area of the economy with the greatest increase in jobs is that of service, which includes such things as government employees, secretaries, and nurses. Skills of those in the service area practically all involve some degree of training.

The trend today is towards increasing job opportunities in the skilled occupational areas and decreasing opportunities in the unskilled or semi-skilled areas. This trend is responsible for increasing the hardship on the previously named disadvantaged groups.

Intent

The purpose of the Manpower Development and Training Act of 1962 is to alleviate current and potential unemployment in the aforementioned problem areas. In this Act, Congress recognized the problems that our modern, dynamic economy is placing upon the populous in the employment area. Therefore, Congress created the machinery that would define, evaluate, and provide information on the changing employment picture. At the same time, it provided for the establishment of a training program that would aid the worker in acquiring the flexibility needed to meet the ever changing employment situation. The Act itself states:

It is therefore the purpose of this Act to require the Federal Government to appraise the manpower requirements and resources of the Nation, and to develop and apply the information and methods needed to deal with the problems of unemployment resulting from automation and technological changes and other types of persistent unemployment.¹³

Once the means of establishing need was accomplished, the Congress further provided for a system to aid the individual worker in acquiring the new skills needed to fill jobs that go unfilled because of lack of trained people.

It was the intent of Congress to aid the states through the Secretary of Labor and the Secretary of Health, Education, and Welfare in setting up a program that would augment existing vocational education programs. This program is in addition to any other existing in this area. In order that the particular purpose be preserved, the Act states:

No training program which is financed in whole or in part by the Federal Government under this Act shall be approved unless the Secretary of Labor, if the program is authorized under part A of title II, or the Secretary of Health, Education, and Welfare, if the program is authorized under part B of title II, satisfies himself that neither the State nor the locality in which the training is carried out has reduced or is reducing its own level of expenditures for vocational education and training, including program operation under provisions of the Smith-Hughes Vocational Education Act and titles I, II, and III of the Vocational Education Act of 1946, except for reductions unrelated to the provisions or purposes of this Act.¹⁴

It is important to distinguish between the M.D.T.A. projects and existing vocational education programs. The basic

difference lies in the directed training effort. Vocational education programs, as they now exist, are primarily aimed at the young, school-age student. The purpose of this type of education is to provide a reservoir of trained workers for the general areas of industry, agriculture, and business. This system has provided our nation with a great number of broadly skilled people. Vocational training must necessarily be broad, because the youth must be given background sufficient to enable him to choose a particular field which means that training for specific jobs must be overlooked. There have been a number of projects in which training has been more specific, but this is not generally the case.

Vocational education courses are, except for a few adult programs, tailored to fit into existing academic programs. This means that a large number of young people who could be trained to fill a job in industry do not have the opportunity. This can be attributed to their lack of proficiency in more academic subjects (history, English, and sciences). The result is a modern phenomenon - the drop-out.

The M.D.T.A. program is designed to train people for specific jobs that already need filling. The emphasis is placed on the need for the worker. This means that before a training project is started, a need must exist for the

products of the projects. A check must be made of the labor market to see if the need is there and what the extent of the need is. This is an essential feature of the program. The trainee has a reasonable expectation of being employed once he has completed the course. The program could not long exist if placement could not be made for its trainees.

The M.D.T.A. program is decentralized to the extent that its projects seek to fill a certain demand in a specific area. This means that people will only be trained for jobs in the geographic area. This area would include only a local area or, at the most, the State.

Administration

Funds

The funds for the M.D.T.A. projects are appropriated to the States on the basis of five standards.¹⁵ They are:

1. The proportion which the labor force of a state bears to the total labor force in the United States.
2. The proportion which the unemployed in a State during the preceding calendar year bears to the total number of unemployed in the United States in the preceding calendar year.
3. The lack of appropriate full-time employment in the State.
4. The proportion which the insured unemployed with a State bears to the total number of insured employed within such State, and,
5. The average weekly unemployment compensation benefits paid by the State.

The entire cost of the administration of the program will be borne by the Federal Government until fiscal year 1966.

Thereafter, the State would put up 33% of the funds to match the 66% provided by the Federal government.¹⁶ This type of federal aid-to-education is but a continuation of a long line of measures, including the Northwest Ordinance of 1787,¹⁷ and the Smith-Lever Act of 1914,¹⁸ the Smith-Hughes Act of 1917,¹⁹ and many more.

Framework

The Secretary of Labor is the chief administrator of this Act so far as the selection of students for the M.D.T.A. projects is concerned. However, he has delegated this task to the new Office of Manpower, Automation, and Training.

One of the principal functions of this office is to undertake and coordinate a program of manpower research and information. The second function is to develop and evaluate the training programs set up under the Act.

The agency has established a number of regional offices to carry the program. These offices work closely with State and local offices, giving advice and help in developing and running the programs.

The real work, however, is done in the local employment offices. It is here that the actual selection of programs and students for those programs takes place.

These local offices conduct the surveys needed to determine training requirements for a particular area. This

requirement, of course, is determined by the actual need for a specific occupation in the area.

Once the need is determined, the employment office screens the ranks of the unemployed and the underemployed to find potential students for a training project.

The information obtained from these two surveys gives the employment office the opportunity to select the training program best suited for the area. The Office of Manpower, Automation and Training must approve the project for the Secretary of Labor, but, in fact, much of this selection task is left to the local officials.

Training Allowance

Training allowances are paid to both the institutional students and the on-the-job training students. Since this case study is not involved with on-the-job training, only the training allowances for institutional trainees will be discussed.

To be eligible for a training allowance a person must be (1) unemployed, (2) with two years experience in the labor market, and (3) a head of family or household or are members of a family in which the head is unemployed, provided only one in the family is receiving allowances. If these conditions are met, the trainee may receive up to \$10 per week more than the regular unemployment compensation received by

an individual in similar circumstances in that State. How much of this \$10 he will get depends on the degree of hardship on him and his family.

A \$20 training allowance is paid to youths from 17-22 years of age if they are high school graduates. A youth who is not a high school graduate may receive the allowance, after it has been established that he did not quit school to take advantage of the program allowance.

In order to prevent the students from working while receiving a training allowance, a restriction of 20 hours part-time work per week is the limit one can work; anything over the compensation for 20 hours is reduced on a dollar for dollar basis from the training allowance.

CHAPTER III

CASE STUDY

Preliminary Steps

When news of the availability of funds for manpower training became known to the Virginia Employment Commission in Richmond, they immediately sent out a memo requesting the managers of the local employment offices to review their records for jobs the office was unable to fill. The manager of the Radford Office followed this procedure. As a result he found that the office had consistently been unable to fill all job vacancies in two areas. The first area did not have a large enough demand to justify a training class, but the second area disclosed that the office was consistently unable to fill upwards of 20 clerk-stenographer jobs per year. They also polled the local industries to see what their present and future requirements would be, and found the demand still existed.

At the same time the office reviewed for unfilled jobs; they reviewed for unemployed persons who might have both the interest and the aptitudes for the training course.

The manager forwarded this information to Richmond, and shortly thereafter the Radford office was visited by a representative from the main office. He performed an audit on the statistics and found them to be correct.

In the meantime, the local director of vocational education drew up plans for providing facilities, staff, and curriculum for a M.D.T.A. project. He was also responsible for drawing up a proposed budget for operating the school.

Next came the establishment of the Radford Area Manpower Advisory Committee. This committee is a composite of all the major public interest groups in the vicinity. This committee has 10 members representing labor, business, government, agriculture, minorities, local industries, and local educational officials. The group reviewed the recommendations of the local director of vocational education and the recommendations of the manager of the local employment office. The plan was then forwarded with approval to the Virginia Employment Commission and State Vocation Education Department. After reviewing the surrounding areas to avoid any possible overlapping, the State authorities approved the plan. It was then sent on for approval by the Department of Labor and the Department of Health, Education, and Welfare.

When approval was received, the local employment office began interviewing for students for the course.

Selection of Students

The selection of participants in the program must conform with the regulations of the Act as found in the Federal Register. They are as follows:

1. Unemployed or underemployed and cannot reasonably be expected to secure full-time employment without training;
2. Registered at the appropriate local public employment service office or such other agency as may be designated by the Secretary; and
3. Available for counselling or other personal interviews and for aptitude, proficiency and other occupational tests which may be required.¹

Preference was given to the unemployed over the underemployed, the heads of households, those with two years experience in the labor market, and youth, in that order.

However, the applicant had to pass the basic test first. Was she employable after being trained?

Therefore, the manager added these tests to the applicants: (1) Was she attractive? This is very important in a clerk-stenographer job. She is always meeting the public. The test did not limit the selection to extremely pretty women. It did, however, exclude those who were overweight or otherwise unattractive. (2) Was she of good character? Here the manager had to read between the lines. Character will show through in any meeting of public-type work, and it is very important to select women

of good character. (3) Did she have good basic native intelligence? This was ascertained by personal interviews and a battery of tests. These tests included:

1. Intelligence - A measure of the basic ability to learn.
2. Verbal aptitude - A measure of the ability to understand meanings of words and ideas associated with them.
3. Numerical aptitude - A measure of mathematical ability.
4. Spatial aptitude - A measure of the ability to comprehend relationships resulting from movement in space.
5. Form perception - Measure the ability to perceive pertinent detail in objects or in pictorial or graphic material.
6. Clerical perception - Measures the ability to perceive pertinent detail in verbal or tabular material.
7. Motor coordination - Measures the ability to coordinate eyes with fingers or hands rapidly and accurately.
8. Finger dexterity - Measures the ability to move small objects with speed and accuracy.
9. Manual dexterity - Measures the ability to move hands easily and with skill.

Because of the nature of the training, the tests given the most weight were intelligence, verbal aptitude, and clerical perception.

Prerequisite for training was a high school diploma or the equivalent in work experience. This requirement could have been overlooked because of excellence on the test, had someone with less than a high school diploma or its equivalent in work experience applied. However, nobody with less than the minimum qualifications applied.

The manager of the office made a special attempt to get to some of the hard-core (long-term) unemployed. Though a number had the qualifications, none generated any interest in the program. The program did have four who had been unemployed for over 27 weeks, but these cases were not chronic when compared with others existing in the area.

The Training Program

The particular M.D.T.A. project was a 30-week training course for clerk-stenographers. The student attended classes that began at 9 a.m. and continued for six hours.

The course included: (1) typing, (2) shorthand-transcription, (3) secretarial practice and machines, (4) business English, and (5) business math. The curriculum was designed by the director of vocational education in cooperation with State and Federal authorities.

The course was administered through the Superintendent of the Radford City Schools. Most of the actual

administration, however, was passed on to the Director of the New River Valley Technical School.

The New River Valley Training School provided the facilities for the training class. This institution was established through the cooperation of the City of Radford, and Montgomery County, Pulaski County, and Floyd County. It had been established a few years prior to the enactment of the M.D.T.A. The availability of this facility played a large role in acquiring the training program.

The cost of this initial program was budgeted at \$25,515; however, after the cost of administration was deducted, \$23,626 was allotted to the project, which used approximately \$18,000 of this amount; and the remainder was returned to the State for redistribution. The reason for not using all the funds was that only one participant was eligible for the \$27 per week training allowance.

The initial cost of the program was high because of the equipment that had to be purchased which accounted for about half of the budget. This fact is a basic consideration when attempting to put the project on a cost per pupil basis. Each additional utilization of equipment will lower the per pupil cost as in the case a follow-up program for 20 additional pupils began in early May at a budgeted cost of \$10,000. If the budgeted costs of both projects are

taken, and assuming a completion rate in the second project equal to that of the first, the average cost per pupil would be about \$986. This cost can be further reduced with each new application of the training program.

This cost cannot be compared with high school per pupil cost because this training course has been concentrated - about two years work (high school level) into 30 weeks. There are no comparable programs in this area that would permit a valid comparison.

The fact that the course is concentrated amplifies the need for students with good capabilities. The teacher told the interviewer that she personally felt that anyone who did not have a high school diploma would have a serious disadvantage to overcome. The high school graduate has already learned how to study. (When training is concentrated into such large doses, study capabilities are essential to the success of the student.)

In this case study the teacher felt she was able to move faster because of the large number of recent high school graduates. Had there been students without high school diplomas, it is probable that the class would have had to slow up, thus seriously limiting the training received.

The fact that the training was good can be testified to by the salaries the trainee received upon completing the course. These can be noted in the individual case studies that follow.

Individual Cases

In an effort to examine the effects of the M.D.T.A. program on the individual participants, the interviewer acquired information on their backgrounds and accomplishments. Because of State and Federal laws prohibiting the divulgence of names or addresses of individuals served by the Virginia Employment Commission, direct personal interviews were impossible. However, through the cooperation of the placement officers at the Radford office, the interviewer was able to reconstruct previous interviews with the participants in the program.

The following cases are reconstructed from the information obtained from the employment office. The trainees have been given lettered names for the sake of convenience.

Mrs. "A"

Mrs. "A" is a 30-year old, white woman. She is married but has no children. Her educational background includes a high school diploma and some business college work.

Mrs. "A" has been in the labor market intermittently over the past ten years previous to enrolling in the training course. She has had eight years work experience in

store clerking and general office work. The pay for this work never exceeded \$25 a week. When she applied for enrollment in the course she was unemployed. She was being supported by her husband.

Mrs. "A" scored in the average range on the test administered by the Virginia Employment Commission. This scoring, coupled with her work experience and being unemployed, led to her selection for the program.

Midway through the course, Mrs. "A" was employed as a secretary. Since her employment conflicted with the program, she had to quit the course. However, her employment was in the field for which she was training. This resulted in her obtaining a job which paid \$250 per month. This amounted to 150 percent increase over her previous highest-paying job. She is still working in the position. The placement officer attributed her superior placement to the training she received in the M.D.T.A. program.

Mrs. "B"

Mrs. "B" is a 22-year old married woman with one child. She is white and a high school graduate. She placed in the average range on the test administered by the employment office.

Mrs. "B" had never been a part of the work force. She had no work experience outside the home. Her husband supported

her at the time of the training.

She successfully completed the course, earning a grade of "B". Within four weeks she entered the labor market as a clerk-stenographer at a large educational institution. She is still employed in that capacity. Her salary is \$260 plus per month.

Miss "C"

Miss "C" is a white, single, 19-year old high school graduate. She lived at home with her parents.

Miss "C" was unemployed at the time the program began, although she had previous work experience (2 years) as a store clerk. Her earnings in this job never exceeded \$20 per week. The fact that she was unemployed, but had work experience plus an average grade on the test battery led the placement officer to enter her in the training course.

Miss "C" successfully completed the course with a grade of "A". She was hired as a stenographer-typist at \$1.50 per hour. She is still employed in this position and earning three times what she had previously earned.

Miss "D"

Miss "D" had been unemployed only about one month when she entered the program. She had recently graduated from high school and still lived with her parents. She was 18 years of age, white and single.

She had worked as a part-time waitress for three months the previous summer. Her earnings were negligible in this position.

Miss "D" scored above average on the test battery. This score was reflected in the grade she received when completing the training, an "A". She was employed within two weeks after completion of the course. She started earning \$1.25 plus per hour. She is still employed at the same plant.

Miss "E"

Miss "E" is 20 years of age. She is a white, unmarried, high school graduate. Since leaving high school, she has held four jobs for a total employment time of ten months. She worked as a saleslady (\$18 per week), store clerk (\$21 per week), and for a collection agency in general office work (\$1.50 per hour). She was unemployed at the time the training program began and was living with her parents.

Miss "E" scored slightly below average on the test battery. The fact that she had not found steady employment was very influential in her selection as a participant in the training program. For this reason, the selecting officer de-emphasized the reliance on the test score. In the opinion of the officer she had honestly attempted to find a suitable job. Therefore, he reasoned that she was willing to work.

She completed the course with a "C" grade. It took six weeks to place this girl. This can be attributed to her past work record and her low test scores.

She was placed in a clerk-steno position at \$65 per week. She is still employed in this position.

Miss "F"

Miss "F" is a white, 18-year old, high school graduate. She was single when entering the training program, but married shortly thereafter. This resulted in her withdrawal from the work force. However, she did complete the course with a "C" grade.

She had received a grade in the average range on the battery of tests given by the employment office. She had never been in the work force. She had only recently graduated from high school, but had been unable to get a job.

The marriage resulted in her leaving the area with her husband. In the opinion of the placement office it is likely that she will re-enter the labor market in a new location.

Miss "G"

Miss "G" is a 21-year old, single, Negro woman. She is a high school graduate. She made her home with her family and was supported by them.

When the training program started she was unemployed. She had one year of work experience in New York City as a maid at \$30 per month. Miss "G" scored in the average range on the test battery. She received a "B" grade in the course.

The employment office sent her to several prospective employers, to no avail. The area does not have many Negroes in similar positions now and employers are slow to change their present habits.

Through the cooperation of the employment service Miss "G" took and passed the Federal Civil Service Examination for clerk-steno. She scored 82.7 on the test, which is above average.

This trainee received an appointment to the civil service some three months after completing the training. Her position will be that of clerk-stenographer at an annual rate of \$3,880. While this training is loss to the area, she is still part of the labor force. This type of placement appears to be about the only kind that will solve the girl's dilemma - at least until the existing social structure in the Radford area changes.

Miss "H"

Miss "H" is a single, 18-year old, white woman. She lived with and was supported by her family.

She had been unemployed approximately one month before entering the program. This period commenced with her graduation from high school. She had not been able to find a job up to the time she entered the program.

The fact that she was unemployed and received an average score was the basic reason for her selection. She made a "B" grade on the training course.

Miss "H" had difficulty in being placed. This was mainly due to her youth and her inexperience. When she received a position, the pay was less than that of most of the other students, \$50 per week. However, with her obvious ability, the employment director feels it will just be a matter of gaining experience before she will be promoted.

Miss "I"

Miss "I" is a single, white, 19-year old girl who lives with her parents. She has never been employed and was supported by her father.

Her test battery rated her in the above average category. She is a high school graduate.

She excelled in the training and received the grade of "A". Within two weeks of graduation she was placed as a clerk-stenographer in a local plant at \$1.25 plus an hour. A promotion was soon forthcoming and she is still employed at the plant.

Miss "J"

Miss "J" had been unemployed for slightly over two months when she was selected to enter the training program. She had scored in the average range on the battery of tests that were given her at the employment office. The work experience in her background included a nine-month tenure as a cashier at \$25 a week and seven months in a garment factory as a machine operator at \$1.15 an hour.

Her unemployment, test score, and work experience, plus the fact that she was a high school graduate, qualified Miss "J" for the course on which she received a "C" grade. She is 22 years of age, single, white, and lives with her parents. Although she had been working for sixteen months, unemployment compensation was not forthcoming because her employers were not covered by the law.

Miss "J" entered the work force in the field for which she was trained. She is now a clerk-stenographer and earning \$1.25 plus per hour.

Mrs. "K"

This is the only participant who received a training allowance. In Virginia, this amounts to \$27 a week for the 30 weeks of the training program. This allowance is identical to the unemployment compensation a qualified unemployed worker would receive.

Mrs. "K" is a white widow with two dependents. She has a high school education plus correspondence school and night classes. The fact that she was the head of the household and that she had received an above average score on the battery of tests qualified her for a position in the training class. However, she also had a great deal of experience in the labor force which included:

1. Six years in a hose mill at \$.40 per hour.
2. Thirteen years as a machine operator at \$.85 per hour.
3. Four years as bookkeeper and sales clerk at \$30 per week.

She quit her job to take the course because she could not feed her family on the pay she was receiving. Mrs. "K" completed the course with a "C" grade. Consequently, she was immediately hired at \$300 per month as a clerk-stenographer.

The placement officer attributed the rapid placement to her past work experience and her exhibited will power. She had improved herself through a desire to learn more.

Miss "L"

Miss "L" is a 21-year old, Negro girl who has never held a job. She is a high school graduate. Her family provided for her support, because she had not been able to find employment.

Miss "L" scored in the average range on the test battery. Her educational attainment included 12 years of public school. She received a "B" grade on the course. She has not been placed in a job. The fact that she is 21 years old with no work experience is perhaps as big a handicap as the prejudice exhibited by local employers. She has had several interviews, but none have materialized into jobs.

She recently got a passing, 76.4, on the civil service examination and is now awaiting placement in a northern area.

Miss "M"

Miss "M" has completed two years of college. She is 20 years old, white, and single. She lives with her family and, at the time the program began, was unemployed.

Miss "M" had, however, worked for two months in a garment factory at \$1.15 per hour. She had been laid off. Since she had not worked the required time she was not entitled to unemployment compensation.

Her score on the battery of tests fell in the average range. This together with her unemployment were determining factors in her selection for the program.

She passed the training with a "C" grade and was placed within two weeks of graduation in her field at \$2.50 per hour. This salary was better than double her old salary.

Miss "N"

Miss "N" is white, single, and a high school graduate. She lives with her family.

Miss "N" was employed at the time the course began. She was earning \$40 a week as an assistant bookkeeper. However, her job was described as one with short tenure. Therefore, when she was accepted in the training program, she quit her job.

On her test battery, Miss "N" scored in the average range. She received the grade of "B" on the course.

She was hired within two weeks of completion of the course and received \$52 a week. Her new position was that of a clerk-stenographer.

Miss "O"

Miss "O" is a high school graduate living with her family. She is white, single, and 18 years of age. When she entered the program she had never held employment of any kind. She had been seeking employment, however, through the Virginia Employment Commission. It must be remembered that she had only been out of high school a little over a month.

Miss "O" scored in the average range on her test battery. She received an "A" grade in the training program. This grade evidently did not offset her youth and inexperience because

she was not placed in a job for over two months. She was placed as a clerk at \$2,200 per annum.

Miss "P"

Miss "P" is 19 years old. She is single, white, and a high school graduate. She had been employed for one month as a machine operator in a garment factory at \$1.15 an hour. At the time the training course began she had been unemployed for approximately two months and was being supported by her family.

She applied for the training program. Her test showed her to be in the average range. This fact combined with her experience led to her appointment to the program.

Miss "P" received a "B" grade on the course. She has not been placed in a job. She has had several offers but has turned them down.

Mrs. "Q"

Mrs. "Q" is 38 years old, Negro, and a high school graduate. She is married with four children. Her husband provides for her support.

Mrs. "Q" scored in the average range on her test battery. She performed well in the training course, receiving a "B" grade.

Mrs. "Q" had nine years of work experience, all as a domestic. Her last job was as a maid at \$36 per week. She

had been unemployed for six months when she entered the course.

Mrs. "Q" has not entered the labor force. She is married and therefore, does not have the mobility needed to take her out of this general area. The primary cause, according to the employment commission, is the fact that she is a Negro secretary in an area where there are very few Negroes hired in that particular vocation.

Miss "R"

Miss "R" is a 20-year old, single, white woman. Her educational attainment includes a high school diploma and two quarters of college work.

She had worked four months at \$1.15 per hour as a plastic mold operator, but was laid off just before the training program began.

Miss "R" scored in the average range in the battery of tests given her by the employment office. She earned a "B" grade in the course.

Miss "R" had turned down several employment offers three months after the conclusion of the training program. The employment officer felt that she was being overly selective in her job opportunities, however, there is little doubt that she will be placed.

Mrs. "S"

Mrs. "S" is a 42-year old white widow. She has no dependents. She is self-supporting. She had been laid off her job one week before beginning the training program.

Mrs. "S" had slightly over three years work experience. The last 14 months as a plastic operator she earned \$38 a week.

This experience, plus a high school diploma and average test battery score, qualified this widow for the training program.

Not long after the program started her former employer recalled her, and she quit the training. Her new job paid \$1.25 plus an hour, but it was not in a field related to her training.

Miss "T"

Miss "T" was single when she entered the training. During the period of the training, she married. The result of this event was the withdrawal of Miss "T" from the labor market, even though she completed the course.

When she entered training Miss "T" was 18 years of age, white, and a high school graduate. She scored in the above average range on the test battery. This test score was a primary determinate in placing her in the program, because she had no work experience when she entered the course.

Miss "T" received a grade of "B" for her work in the program. The placement officer believed that there was little chance of her re-entering the labor market in the near future.

Results of the Program

Drop-outs

Twenty trainees started the program and 18 finished. Both women who dropped out were over thirty. One was completely self-supporting and could not afford to turn down a job offer even though the job appeared to give little security because of the wide fluctuations in the labor force. The move, however, had the effect of raising her salary \$12 per week. The other woman went into a job that was in the field for which she was being trained and received an increase of \$150 per month in her earnings.

Completed the Course

There were 18 trainees who finished the program, two of which withdrew from the labor force. Both of them were eighteen years of age and were married during the duration of the training. Since they received the training, it is possible they may re-enter the labor market.

Of the eighteen that remained in the labor market, thirteen were under the age of twenty-two; two were

between the ages of 22 and 34, and three were over 35.

Employed

There were 16 participants available for placement in the labor force. Twelve have been placed, all in their field. Three of the others have received offers of jobs and will likely become employed by mid-summer. One has not been offered a job.

There is a question that might arise here. If M.D.T.A. programs are predicated on the premise of training for jobs that are available, why were not all the trainees placed?

In this particular case, we can attribute the lack of success to a lack of demand for employees in the area. The length of the course (30 weeks) provided time for a complete reversal of many of the large local employers' employment needs.

This turndown in employment depresses the local labor market. It freed a number of employees who stepped in to fill jobs in other expanding sectors of the local economy. The reverses experienced were unexpected and unpredictable.

A 75 percent (12 out of 16) placement average is better than the national placement average of 70.1 percent for M.D.T.A. projects. Another fact that cannot be compared with national figures, but is of more importance to the individual trainee, is that all placements were in the field for which

she was trained, and she is receiving a substantial increase in earnings over her previous figure.

The aggregate amount that these 12 trainees will make in a year, over what they were making before training, is approximately \$31,700. Results such as these make such programs work. This is indicated by the fact that more than twice as many applicants applied for the second section of the course.

TABLE I

CHARACTERISTICS OF THE GROUP

Age

19 and Under	9
19 to 21.	6
22 to 34.	2
35 to 44.	3

Education

High School diploma	16
High School plus (college, business school, etc.)	4

Work Experience

Under 3 years	16
3 to 9 years.	2
10 years and over	2

Weeks unemployed

Under 5 weeks	13
5 to 14 weeks	2
15 to 26 weeks.	1
27 to 52 weeks.	3
32 weeks and over	1

TABLE II

DISPOSITION OF STUDENTS

*Number of students	20
Drop-outs	2
Completed the course	18
Withdrew from labor market	2
Placed by May 1, 1964	12
Available for placement	4
Placements pending	3
Not yet offered employment	1

*Official statistics place this figure at 25. In fact, five additional students were enrolled, but never attended class.

CHAPTER IV

CONCLUSION

1. What has the M.D.T.A. project in Radford, Virginia accomplished?

The most obvious answer to this question is, quite simply, it has trained 18 clerk-stenographers, put 16 of them in the labor market and placed 12 of them in jobs. All this is true, but it is hardly a measure of accomplishment.

In the first place, the M.D.T.A. program took 20 women who were unemployed or underemployed and attempted to upgrade their level of skill to a point where they could assume useful, productive employment. The program was successful in developing 90 percent of these women to a high level of proficiency. The training received in the project has placed these women on an equal, competing basis with workers of formerly higher skill levels. It has taken these trainees out of the marginal portion of the labor market and given them a marketable skill.

Second, it has given those persons of limited means the opportunity to develop their skills, which affords them an opportunity similar to those who are more generously endowed financially. It is this aspect of the program that can give the "war on poverty" a substantial push.

In the Radford study, the group, for the most part, had all the qualifications except that extra training which is necessary to qualify for employment opportunities in the skilled area.

And third, the program did fill a definite need for skilled people in the economy of the area. For reasons discussed later, this area lacked skilled personnel, namely, clerk-stenographers, to fill employment needs. This is a drain on the economy because of the waste and inefficiency that occurs when using personnel of less than minimum skill requirements.

2. Was the project necessary?

There can be little argument over the desirability of the program. It did, after all, fill a definite need which had not been ameliorated in the normal turn of events through the area's economy.

One may wonder why the local area had not been able to alleviate this problem. An investigation showed that all the high schools gave an accredited commercial course which very closely paralleled the one carried out under the M.D.T.A. project. Indeed, a number of the participants in the project were products of these very high schools. The program proved that these students had the ability to fill the positions when they had proper training. Why weren't the high

school programs sufficiently strong to fill the needs of the local employers? The teachers had to meet the same qualifications as the teachers of the M.D.T.A. program, but for some reason the quality of the product was different.

However, the difference was real, as the investigator found from conversations with experts on the hiring practices of the area. Graduates from certain high schools appeared to be hired with full credit for this training, whereas the graduates of the high schools in the immediate area were, except for outstanding graduates, turned down. Taken in this sense, the M.D.T.A. project is actually subsidizing the local education program.

A program of this type was necessary because the area had failed to prepare its high school students for the needs of the economy. There might be a question of whether it is the responsibility of the Federal Government to assume responsibility for the preparation.

3. Is M.D.T.A. the answer to the unemployment problem?

The M.D.T.A. is not "the" answer to the unemployment problem but it is an answer. As pointed out earlier, unemployment is a complex problem with many causes. The M.D.T.A., properly administered, can reduce unemployment where jobs are available for skilled persons.

Structural unemployment can be significantly reduced by training personnel to handle skilled tasks. In our modern society we must be prepared for change or cease to exist. There must be a means of giving the worker an opportunity of readjusting his skill to changing technology. The individual worker cannot bear the cost alone, therefore, a government must help him make the adjustment. The cost of aid for training purposes cannot be as great as extended unemployment compensation and welfare payment for an indefinite time.

The advance of technology will continue to change the demand for skills among our workers. A program of the M.D.T.A. type must be continuous to meet the ever changing needs of a dynamic economy. We are subject to continuous adjustment and one experiment will not hold back the massive increase in structural unemployment which will occur if our workers cannot readily adapt to the changes in technology that will take place.

The Radford study proved that the average worker can be retrained and made a productive laborer with modern techniques. The tremendous aggregate income increase (over \$31,000) that just 12 women made, is a demonstration of the worth of the program to the individual and the economy.

Programs of the M.D.T.A. type expanded to include all phases of the structural unemployed can be the instrument

which will lead to relatively full employment. Without a program of this sort on a continuing basis, we can look forward to a steady rise in the unemployment rate.

4. Can the program be improved?

In a small case study such as this, it is difficult to see where any significant improvements are needed for the overall program. However, there are several general areas in which the limitations of the law in effect resulted in a lack of achievement in the course.

First, the training allowance is pitifully small for those who are heads of the household. In Virginia the basic allowance is \$27 a week for the duration of the course. Something closer to the minimum wage for the 40 hours would be more equitable.

Second, the travel allowance seems a little unrealistic since it is not paid to anyone living within 25 miles of the course facility. In this case study, those people driving from 24 miles away would receive no travel allowance while those driving 26 miles would. Anything over 10 miles ought to receive some travel allowance, because the unemployed person is in no position to pay this kind of cost on a five day a week basis for seven and one-half months.

Third, some provision should be made to upgrade selected applicants with less than a high school diploma to the point

where they could handle this type of course work. It is true that the high school graduate is disadvantaged in this area because his skill attainment is not at the level demanded by industry, but he certainly has more of an opportunity than drop-outs. Large numbers of these drop-outs who cannot be placed in regular school work, have better than average ability which is wasted. The program, to be truly effective, must attempt to reach these people.

5. Can the program be justified financially?

Without consideration of the moderating effect of the follow-up course, the cost of training each individual was about \$1,250. This seems high, but consider that it produced an income increase of almost \$2,500 per year in addition to anything they were making before the program. The picture improves somewhat when the costs of the follow-up program are considered and averaged with the first program.

The cost of unemployment compensation and welfare payments that will be saved as a result of this program is an additional offset to the outlay for the project. The saving that results from the use of trained personnel, while not exactly measurable, nevertheless exists and is clearly an offset.

A return that cannot be measured in cold dollars, but is equally important, is that 20 people have had the opportunity to be freed from the depressing effects that accompany unemployment and underemployment. They have been returned to the ranks of productive citizens.

6. What can a national program such as the M.D.T.A. accomplish?

If structural unemployment is to be limited, vocational training such as the type tried in Radford, appears to be the one major hope. This is not the only answer, but it is certainly a necessary component of any answer of the problem.

There must be an effort to increase vocational preparedness in the existing school programs, but this will only help one sector of those affected by structural unemployment. Many economists visualize the day when in order to keep up with the technological development of industry, it will be necessary to train a person several times during his lifetime to keep him and his skills from becoming obsolete.

Reasonably full employment of all our resources can be accomplished only when the basic resource, manpower, is utilized to its fullest extent. Therefore, it is necessary that some means of maintaining a satisfactory skill level be

found. In the light of other existing programs, the Manpower Development and Training Act is the only one that offers a practical means of maintaining the dignity of the individual while supplying the basic resource needed for an expanding, healthy economy.

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FOOTNOTES

CHAPTER I

¹U. S., Statutes at Large, Vol. 60, p. 23.

²Commission on Money and Credit, Money and Credit, Englewood Cliffs, N. J.: Prentice-Hall, Inc., 1961, p. 24.

³U. S. Congress, House, Economic Report of the President, 88th Cong., 2nd Sess., 1964, House Doc. 281, p. 3.

⁴U. S. Department of Labor, Manpower Report of the President and a Report on Manpower Requirements, Resources, Utilization, and Training (hereinafter referred to as the Manpower Report of the President - 1963), 1963 ed., p. xi.

⁵U. S. Congress, Joint Economic Committee, Economic Indicators, 88th Cong., 2nd Sess., 1964, p. 2.

⁶Manpower Report of the President - 1963, p. xii.

⁷U. S. Department of Labor, Manpower Report of the President and a Report on Manpower Requirements, Resources, Utilization, and Training, 1964 ed., p. 195, Table A-1.

⁸Ibid., p. 195, Table A-1.

⁹Ibid., p. 204, Table A-14.

¹⁰Calculated from data found in: Economic Report of the President, 88th Cong., 2nd Sess., 1964, p. 208.

¹¹Ibid.

¹²Manpower Report of the President - 1964, p. 195, Table A-1.

¹³Ibid.

¹⁴Ibid., p. 248, Table E-8.

¹⁵U. S. Departments of Labor, Office of Manpower, Automation, and Training, Manpower and Training - Trends, Outlook, Programs, Manpower Research Bulletin No. 2, 1963, p. 19.

16Ibid.

17Ibid.

18Calculated from data in: Manpower Report of the President - 1964, p. 248.

19U.S. Congress, Subcommittee on Economic Statistics, Joint Economic Committee, Employment and Unemployment, 87th Cong., 1st Sess., 1962, p. 288.

20Ibid.

21U. S. Congress, Subcommittee on Economic Statistics, Joint Economic Committee, Unemployment: Terminology, Measurement, and Analysis, 87th Cong., 1st Sess., 1961, pp. 5-7.

22U. S. Congress, Senate, Special Committee on Unemployment Problems, Studies in Unemployment, 86th Cong., 2nd Sess., 1960, p. 25.

23Manpower and Training, Manpower Research Bulletin No. 2, pp. 11-12.

24Unemployment: Terminology, Measurement, and Analysts, p. 7.

25Manpower Report of the President - 1964, p. 206, Table A-16.

26U. S. Department of Labor, Bureau of Labor Statistics, Monthly Labor Review, April, 1964, p. 462.

27Unemployment: Terminology, Measurement, and Analysts, p. 35.

28Ibid.

29U.S. Department of Labor, Office of Manpower, Automation, and Training, Mobility and Worker Adaptation to Economic Change in the United States (hereinafter referred to as Mobility and Worker Adaptation), 1963, p. 16.

30Studies on Unemployment, pp. 37-38.

31Myrdal, Gunnar, Challenge to Affluence (New York, Pantheon Books, 1963), p. 48.

³²Employment and Unemployment, p. 51.

³³The Problem of Economic Instability, American Economic Review, Vol. XL (September, 1950), p. 506.

³⁴Manpower Report of the President - 1963, p. 35.

³⁵Myrdal, p. 25.

³⁶U. S., Statutes at Large, Vol. 75, p. 47.

³⁷See Appendix A.

CHAPTER II

¹U. S. Congress, Senate, Committee on Banking and Currency, Area Redevelopment - 1961. 87th Cong., 1st Sess., 1961, S. I. p. 55.

²Mobility and Worker Adaptation, 1963, p. 8.

³Manpower and Training, Trends - Outlook - Programs. Number 2, March, 1963, p. 9.

⁴Ibid., p. 10.

⁵Manpower Report of the President - 1964, p. 200, Table A-8.

⁶Ibid., p. 195, Table A-1.

⁷Ibid., p. 203, Tables A-12 and A-13.

⁸Ibid., p. 203, Table A-13.

⁹Manpower Report of the President - 1964. p. 95.

¹⁰U. S. Department of Labor, Office of Manpower, Automation, and Training, Training Disadvantaged Groups Under the Manpower Development and Training Act. Manpower Evaluation Report, Number 1, November, 1963, pp. 14-15.

¹¹Manpower Report of the President - 1964, p. 204, Table A-14.

¹²Ibid., p. 20.

¹³Appendix A, Section 101.

¹⁴Ibid., Section 302.

¹⁵Ibid., Section 301.

¹⁶Ibid., Section 203.

¹⁷Old South Leaflets. Old South Meeting House, Boston, 1896, p. 54.

¹⁸U. S. Statutes at Large. Vol. XXXVIII, part 1, pp. 372-373.

¹⁹Ibid., Vol. XXX, part 1, p. 929.

CHAPTER III

¹See Appendix B, Section 20.12.

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APPENDIX "A"

MANPOWER DEVELOPMENT AND TRAINING ACT OF
1962, AS AMENDED¹ (42 U.S.C. 2571-2620)

An Act

Relating to manpower requirements, resources, development, and utilization, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the "Manpower Development and Training Act of 1962."

TITLE I - MANPOWER REQUIREMENTS, DEVELOPMENT, AND
UTILIZATION

Statement of Findings and Purpose

Sec. 101. The Congress finds that there is critical need for more and better trained personnel in many vital occupational categories, including professional, scientific, technical and apprenticeable categories; that even in periods of high unemployment, many employment opportunities remain unfilled because of the shortages of qualified personnel; and that it is in the national interest that current and prospective manpower shortages be identified and that persons who can be qualified for these positions through education and training be sought out and trained as quickly as is reasonably possible, in order that the Nation may meet the staffing requirements of the struggle for freedom. The Congress further finds that the skills of many persons have been rendered obsolete by dislocations in the economy arising from automation or other technological developments, foreign competition, relocation of industry, shifts in market demands,

¹P.L. 87-415, Mar. 15, 1962, 76 Stat. 24-33, as amended by P.L. 87-729, Oct. 1, 1962, 76 Stat. 679; as amended by P.L. 88-214, Dec. 19, 1963.

and other changes in the structure of the economy; that Government leadership is necessary to insure that the benefits of automation do not become burdens of widespread unemployment; that the problem of assuring sufficient employment opportunities will be compounded by the extraordinarily rapid growth of the labor force in the next decade, particularly by the entrance of young people into the labor force, that improved planning and expanded efforts will be required to assure that men, women, and young people will be trained and available to meet shifting employment needs; that many persons now unemployed or underemployed, in order to become qualified for reemployment or full employment must be assisted in providing themselves with skills which are or will be in demand in the labor market; that the skills of many persons now employed are inadequate to enable them to make their maximum contribution to the Nation's economy; and that it is in the National interest that the opportunity to acquire new skills be afforded to these people with the least delay in order to alleviate the hardships of unemployment, reduce the costs of unemployment compensation and public assistance, and to increase the Nation's productivity and its capacity to meet the requirements of the space age. It is therefore the purpose of this Act to require the Federal Government to appraise the manpower requirements and resources of the Nation, and to develop and apply the information and methods needed to deal with the problems of unemployment resulting from automation and technological changes and other types of persistent unemployment.

Evaluation, Information and Research

Sec. 102. To assist the Nation in accomplishing the objectives of technological progress while avoiding or minimizing individual hardship and widespread unemployment, the Secretary of Labor shall --

- (1) evaluate the impact of, and benefits and problems created by automation, technological progress, and other changes in the structure of production and demand on the use of the Nation's human resources; establish techniques and methods for detecting in advance the potential impact of such developments; develop solutions to these problems, and publish findings pertaining thereto:

(2) establish a program of factual studies of practices of employers and unions which tend to impede the mobility of workers or which facilitate mobility, including but not limited to early retirement and vesting provisions and practices under private compensation plans; the extension of health, welfare, and insurance benefits to laid-off workers; the operation of severance pay plans; and the use of extended leave plans for education and training purposes. A report on these studies shall be included as a part of the Secretary's report required under section 104:

(3) appraise the adequacy of the Nation's manpower development efforts to meet foreseeable manpower needs and recommend needed adjustments, including methods for promoting the most effective occupational utilization of and providing useful work experience and training opportunities for untrained and inexperienced youth;

(4) promote, encourage, or directly engage in programs of information and communication concerning manpower requirements, development, and utilization, including prevention and amelioration of undesirable manpower effects from automation and other technological developments and improvement of the mobility of workers; and

(5) arrange for the conduct of such research and investigations as give promise of furthering the objectives of this Act.

Skill and Training Requirements

Sec. 103. The Secretary of Labor shall develop, compile and make available, in such manner as he deems appropriate, information regarding skill requirements, occupational outlook, job opportunities, labor supply in various skills, and employment trends on a National, State, area, or other appropriate basis which shall be used in the educational, training, counseling, and placement activities performed under this Act.

Manpower Report

Sec. 104. The Secretary of Labor shall make such reports and recommendations to the President as he deems appropriate pertaining to manpower requirements, resources, use, and training; and the President shall transmit to the Congress within sixty days after the beginning of each regular session (commencing with the year 1953) a report pertaining to manpower requirements, resources, utilization, and training.

TITLE II - TRAINING AND SKILL DEVELOPMENT PROGRAMS

PART A - DUTIES OF THE SECRETARY OF LABOR

General Responsibility

Sec. 201. In carrying out the purposes of this Act, the Secretary of Labor shall determine the skill requirements of the economy, develop policies for the adequate occupational development and maximum utilization of the skills of the Nation's workers, promote and encourage the development of broad and diversified training programs, including on-the-job training, designed to qualify for employment the many persons who cannot reasonably be expected to secure full-time employment without such training, and to equip the Nation's workers with the new and improved skills that are or will be required.

Selection of Trainees

Sec. 202. (a) The Secretary of Labor shall provide a program for testing, counseling, and selecting for occupational training under this Act those unemployed or underemployed persons who cannot reasonably be expected to secure appropriate full-time employment without training. Workers in farm families with less than \$1,200 annual net family income shall be considered unemployed for the purpose of this Act.

(b) Whenever appropriate the Secretary shall provide a special program for the testing, counseling, selection, and referral of youths, sixteen years of age or older, for occupational training and further schooling, who because of

inadequate educational background and work preparation are unable to qualify for and obtain employment without such training and schooling.

(c) Although priority in referral for training shall be extended to unemployed persons, the Secretary of Labor shall, to the maximum extent possible, also refer other persons qualified for training programs which will enable them to acquire needed skills. Priority in referral for training shall also be extended to persons to be trained for skills needed within, first, the labor market area in which they reside and, second, within the State of their residence.

(d) The Secretary of Labor shall determine the occupational training needs of referred persons, provide for their orderly selection and referral for training under this Act, and provide counseling and placement services to persons who have completed their training, as well as follow-up studies to determine whether the programs provided meet the occupational training needs of the persons referred.

(e) Before selecting a person for training, other than for training under subsection (i), the Secretary shall determine that there is a reasonable expectation of employment in the occupation for which the person is to be trained. If such employment is not available in the area in which the person resides, the Secretary shall obtain reasonable assurance of such person's willingness to accept employment outside his area of residence.

(f) The Secretary shall not refer persons for training in an occupation which requires less than two weeks training, unless there are immediate employment opportunities in such occupation.

(g) The duration of any training program to which a person is referred shall be reasonable and consistent with the occupation for which the person is being trained.

(h) Upon certification by the responsible training agency that a person who has been referred for training does not have a satisfactory attendance record or is not making satisfactory progress in such training absent good cause, the Secretary shall forthwith terminate his training and subsistence allowances, and his transportation allowances except such as may be necessary to enable him to return to his regular place of residence after termination of training, and withdraw his referral. Such person shall not be eligible for such allowances for one year thereafter.

(1) Whenever appropriate, the Secretary of Labor may also refer for the attainment of basic educational skills those eligible persons who indicate their intention to, and will thereby be able to, pursue courses of occupational training of a type for which there appears to be reasonable expectation of employment. Such referrals shall be considered a referral for training within the meaning of this Act, and such persons shall be eligible for training allowances for not to exceed an additional twenty weeks.

Training Allowances

Sec. 203. (a) The Secretary of Labor may, on behalf of the United States, enter into agreements with States under which the Secretary of Labor shall make payments to such States, either in advance or by way of reimbursement for the purpose of enabling such States, as agents for the United States, to make payment of weekly training allowances to inemployed persons selected for training pursuant to the provisions of section 202 and undergoing such training in a program operated pursuant to the provisions of the Act. Such payments shall be made for a period not exceeding fifty-two weeks, (except where authorized for individuals referred for training under section 202(1), and the amount of any such payment in any week for persons undergoing training, including uncompensated employer-provided training, shall not exceed \$10 more than the amount of the average weekly unemployment compensation payment (including allowances for dependents) for a week of total unemployment in the State making such payments during the most recent quarter for which such data are available: Provided however, That in any week an individual who, but for his training, would be entitled to unemployment compensation in excess of such allowance, shall receive an allowance increased by the amount of such excess. With respect to Guam and the Virgin Islands the Secretary shall by regulation determine the amount of the training allowance to be paid any eligible person taking training under this Act.

With respect to any week for which a person receives unemployment compensation under title XV of the Social Security Act or any other Federal or State unemployment compensation law which is less than \$10 more than the average weekly unemployment compensation payment (including allowances for dependents) for a week of total unemployment in the State making such payments during the most recent quarter

for which such data are available, a supplemental training allowance may be paid to a person eligible for a training allowance under this Act. This supplemental training allowance shall not exceed the difference between his unemployment compensation and \$10 more than the average weekly unemployment compensation payment referred to above.

For persons undergoing on-the-job training, the amount of any payment which would otherwise be made by the Secretary of Labor under this section shall be reduced by an amount which bears the same ratio to that payment as the number of compensated hours per week bears to forty hours.

The training allowance of a person engaged in full-time training under section 231 shall not be reduced on account of his part-time employment which does not exceed twenty hours per week, but shall be reduced in an amount equal to his full earnings for hours worked in excess of twenty hours per week.

(b) The Secretary of Labor is authorized to pay to any person engaged in training under this title, including compensated full-time on-the-job training, such sums as he may determine to be necessary to defray transportation and subsistence expenses for separate maintenance of such persons when such training is provided in facilities which are not within commuting distance of their regular place of residence: Provided, That the Secretary in defraying such subsistence expenses shall not afford any individual an allowance exceeding \$35 per week, at the rate of \$5 per day; nor shall the Secretary authorize any transportation expenditure exceeding the rate of 10 cents per mile.

(c) The Secretary of Labor shall pay training allowances only to unemployed persons who have had not less than two years of experience in gainful employment and who are either heads of families or heads of households as defined in the Internal Revenue Code of 1954, or who are members of a household in which the head of the household or the head of the family is unemployed: Provided, That not more than one person in any one household may be receiving training allowances under this Act at any particular time. Notwithstanding the preceding sentence, the Secretary may pay training allowances at a rate not in excess of \$20 a week to youths seventeen years of age or older who require such training allowance in order to undertake training, who are referred for training in accordance with section 202(b), and who are not

entitled to allowances under the preceding sentence, except that no such training allowance shall be paid to any such youth who has not graduated from high school, unless the Secretary has satisfied himself that such youth has continuously failed to attend school for a period of not less than one year and that the local authorities after pursuing all appropriate procedures, including guidance and counseling, have concluded, after considering any assistance available under section 13 of the Vocational Education Act of 1963, that further school attendance by such youth in any regular academic or vocational program is no longer practicable under the circumstances. Not more than 25 per centum of the persons who are receiving training allowances (or who would be entitled thereto but for receipt of unemployment compensation) may be youths under the age of twenty-two.

(d) For the fiscal year ending June 30, 1966, any amount paid to a State for training allowances under this section, or as reimbursement for unemployment compensation under subsection (h), shall be paid on condition that such State shall bear 33-1/3 per centum of the amount of such payments, and for each fiscal year thereafter such amounts shall be paid on condition that such State shall bear 50 per centum of the amount of such payments.

(e) No training allowance shall be made to any person otherwise eligible who, with respect to the week for which such payment would be made, has received or is seeking unemployment compensation under title XV of the Social Security Act or any other Federal or State unemployment compensation law, but if the appropriate State or Federal agency finally determines that a person denied training allowances for any week because of this subsection was not entitled to unemployment compensation under title XV of the Social Security Act or such Federal or State law with respect to such week, this subsection shall not apply with respect to such week.

(f) A person who refuses, without good cause, to accept training under this Act shall not, for one year thereafter, be entitled to training allowances.

(g) Any agreement under this section may contain such provisions (including, as far as may be appropriate, provisions authorized or made applicable with respect to agreements concluded by the Secretary of Labor pursuant to title XV of the Social Security Act) as will promote effective administration, protect the United States against loss and

insure the proper application of payments made to the State under such agreement. Except as may be provided in such agreements, or in regulations hereinafter authorized determinations by any duly designated officer or agency as to the eligibility of persons for weekly training allowances under this section shall be final and conclusive for any purposes and not subject to review by any court or any other officer.

(h) (1) If State unemployment compensation payments are paid to a person taking training under this Act and eligible for a training allowance, the State making such payments shall be reimbursed from funds herein appropriated. The amount of such reimbursement shall be determined by the Secretary of Labor on the basis of reports furnished to him by the States and such amount shall then be placed in the State's unemployment trust fund account.

(2) If unemployment benefits under the Railroad Unemployment Insurance Act are paid to a person taking training under this Act and eligible for a training allowance, the railroad unemployment insurance account in the unemployment trust fund shall be reimbursed, from funds herein appropriated, for all of such benefits paid prior to July 1, 1965, for 66-2/3 per centum of the amount of such benefits paid during the fiscal year ending June 30, 1966, and 50 per centum of the amount of such benefits paid thereafter. The amount of such reimbursement shall be determined by the Secretary of Labor on the basis of reports furnished to him by the Railroad Retirement Board and such amount shall then be placed in the railroad unemployment insurance account.

(i) A person who, in connection with an occupational training program, has received a training allowance or whose unemployment compensation payments were reimbursed under the provisions of this Act or any other Federal Act shall not be entitled to training allowances under this Act for one year after the completion or other termination (for other than good cause) of the training with respect to which such allowance or payment was made.

(j) No training allowance shall be paid to any person who is receiving training for an occupation which requires a training period of less than six days.

On-the-Job Training

Sec. 204. (a) The Secretary of Labor shall encourage, develop and secure the adoption of programs for on-the-job

training needed to equip persons selected for training with the appropriate skills. The Secretary shall, to the maximum extent possible, secure the adoption by the States and by private and public agencies, employers, trade associations, labor organizations and other industrial and community groups which he determines are qualified to conduct effective training programs under this title of such programs as he approves, and for this purpose he is authorized to enter into appropriate agreements with them.

(b) In adopting or approving any training program under this part, and as a condition to the expenditure of funds for any such program, the Secretary shall make such arrangements as he deems necessary to insure adherence to appropriate training standards, including assurances -

(1) that the training content of the program is adequate, involves reasonable progression, and will result in the qualification of trainees for suitable employment;

(2) that the training period is reasonable and consistent with periods customarily required for comparable training;

(3) that adequate and safe facilities, and adequate personnel and records of attendance and progress are provided; and

(4) that the trainees are compensated by the employer at such rates, including periodic increases, as may be deemed reasonable under regulations hereinafter authorized, considering such factors as industry, geographical region, and trainee proficiency.

(c) Where on-the-job training programs under this part require supplementary classroom instruction, appropriate arrangements for such instruction shall be agreed to by the Secretary of Health, Education, and Welfare and the Secretary of Labor.

Advisory Committees

Sec. 205. (a) The Secretary shall appoint a National Advisory Committee which shall consist of ten members and shall be composed of representatives of labor, management, agriculture, education, and training, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time

to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

(b) For the purpose of making expert assistance available to persons formulating and carrying on programs under this title, the Secretary shall, where appropriate, require the organization on a community, State, and/or regional basis of labor-management-public advisory committees.

(c) The National Advisory Committee may accept gifts or bequests, either for carrying out specific programs or for its general activities or for its responsibilities under subsection (b) of this section.

(d) Appointed members of the National Advisory Committee shall be paid compensation at the rate of \$50 per diem when engaged in the work of the National Advisory Committee, including travel time, and shall be allowed travel expenses and per diem in lieu of subsistence as authorized by law (5 U.S.C. 73b-2) for persons in the Government service employed intermittently and receiving compensation on a per diem, when actually employed, basis.

(e) (1) Any member of the National Advisory Committee is hereby exempted, with respect to such appointment, from the operation of Sections 281, 283, and 1914 of title 18 of the United States Code, and section 190 of the Revised Statutes (5 U.S.C. 99), except as otherwise specified in paragraph (2) of this subsection.

(2) The exemption granted by paragraph (1) of this subsection shall not extend -

(A) to the receipt or payment of salary in connection with the appointee's Government service from any source other than the private employer of the appointee at the time of his appointment, or

(B) during the period of such appointment, to the prosecution or participation in the prosecution, by any person so appointed, of any claim against the Government involving any matter with which such person, during such period, is or was directly connected by reason of such appointment.

State Agreements

Sec. 206. (a) The Secretary of Labor is authorized to enter into an agreement with each State, or with the appropriate agency of each State, pursuant to which the Secretary of Labor may, for the purpose of carrying out his functions and duties under this title, utilize the services of the appropriate State agency and, notwithstanding any other provision of law, may make payments to such State or appropriate agency for expenses incurred for such purposes.

(b) Any agreement under this section may contain such provisions as will promote effective administration, protect the United States against loss and insure that the functions and duties to be carried out by the appropriate State agency are performed in a manner satisfactory to the Secretary.

Rules and Regulations

Sec. 207. The Secretary of Labor shall prescribe such rules and regulations as he may deem necessary and appropriate to carry out the provisions of this part.

Labor Mobility Demonstration Projects

Sec. 208. During the period ending June 30, 1965, the Secretary of Labor shall develop and carry out, in a limited number of geographical areas, pilot projects designed to assess or demonstrate the effectiveness in reducing unemployment of programs to increase the mobility of unemployed workers by providing assistance to meet their relocation expenses. In carrying out such projects the Secretary may provide such assistance, in the form of grants or loans, or both, only to involuntarily unemployed individuals who cannot reasonably be expected to secure full-time employment in the community in which they reside, have bona fide offers of employment (other than temporary or seasonal employment), and are deemed qualified to perform the work for which they are being employed. Where such assistance is provided in the form of grants, such grants may not exceed 50 per centum of the expenses incurred reasonably necessary to the transportation of the person who is relocating, and his family, and their household effects. Where such assistance is provided in the form of loans, or a combination of loans and grants, the total amount thereof may not exceed 100 per centum of

such expenses and shall be made subject to such terms and conditions as the Secretary may prescribe. Of the funds appropriated for a fiscal year to carry out this title, not more than 2 per centum thereof, or \$4,000,000, whichever is the lesser, may be used for the purposes of this section.

PART B - DUTIES OF THE SECRETARY OF HEALTH,
EDUCATION, AND WELFARE

General Responsibility

Sec. 231. The Secretary of Health, Education, and Welfare shall, pursuant to the provisions of this title enter into agreements with States under which the appropriate State vocational education agencies will undertake to provide training needed to equip persons referred to the Secretary of Health, Education, and Welfare by the Secretary of Labor pursuant to section 202, for the occupations specified in the referrals, except that with respect to education to be provided pursuant to referrals under subsection (b) or (i) of section 202, the Secretary of Health, Education, and Welfare may make arrangements for the provision of the education to be provided under such subsection through other appropriate education agencies. Such State agencies shall provide for such training through public education agencies or institutions or through arrangements with private educational or training institutions where such institutions can provide substantially equivalent training with reduced Federal expenditures. The State agency shall be paid 50 per centum of the cost to the State of carrying out the agreement, except that for the period ending June 30, 1965, the State agency shall be paid 100 per centum of the cost to the State of carrying out the agreement with respect to unemployed persons, and for the fiscal year ending June 30, 1966, the State agency shall be paid 66-2/3 per centum of such cost. Such agreements shall contain such other provisions as will promote effective administration (including provision (1) for reports on the attendance and performance of trainees, (2) for immediate certification to the Secretary of Labor by the responsible training agency with respect to each person referred for training who does not have a satisfactory attendance record or is not making satisfactory progress in such training absent good cause, and (3) for continuous supervision of the training programs conducted under the agreement to insure the quality and adequacy of the training provided), protect the United States against loss, and assure that the

functions and duties to be carried out by such State agency are performed in such fashion as will carry out the purposes of this title. In the case of any State which does not enter into an agreement under this section, and in the case of any training which the State agency does not provide under such an agreement, the Secretary of Health, Education, and Welfare may provide the needed training by agreement or contract with public or private educational or training institutions.

Rules and Regulations

Sec. 232. The Secretary of Health, Education, and Welfare may prescribe such rules and regulations as he may deem necessary and appropriate to carry out the provisions of this part.

TITLE III - MISCELLANEOUS

Apportionment of Benefits

Sec. 301. For the purpose of effecting an equitable apportionment of Federal expenditures among the States in carrying out the programs authorized under title II of this Act, the Secretary of Labor and the Secretary of Health, Education, and Welfare shall make such apportionment in accordance with uniform standards and in arriving at such standards shall consider only the following factors: (1) the proportion which the labor force of a State bears to the total labor force of the United States, (2) the proportion which the unemployed in a State during the preceding calendar year bears to the total number of unemployed in the United States in the preceding calendar year, (3) the lack of appropriate full-time employment in the State, (4) the proportion which the insured unemployed within a State bears to the total number of insured employed within such State, and (5) the average weekly unemployment compensation benefits paid by the State. The Secretary of Labor and the Secretary of Health, Education, and Welfare are authorized to make reapportionments from time to time where the total amounts apportioned under this section have not been fully obligated in a particular State, or where the State or appropriate agencies in the State have not entered into the necessary

agreements, and the Secretaries find that any other State is in need of additional funds to carry out the programs authorized by this Act.

Maintenance of State Effort

Sec. 302. No training program which is financed in whole or in part by the Federal Government under this Act shall be approved unless the Secretary of Labor, if the program is authorized under part A of title II, or the Secretary of Health, Education, and Welfare, if the program is authorized under part B of title II, satisfies himself that neither the State nor the locality in which the training is carried out has reduced or is reducing its own level of expenditures for vocational education and training, including program operation under provisions of the Smith-Hughes Vocational Education Act and titles I, II, and III of the Vocational Education Act of 1946, except for reductions unrelated to the provisions or purposes of this Act.

Other Agencies and Departments

Sec. 303. (a) In the performance of their functions under this Act, the Secretary of Labor and the Secretary of Health, Education, and Welfare, in order to avoid unnecessary expense and duplication of functions among Government agencies, shall use the available services or facilities of other agencies and instrumentalities of the Federal Government, under conditions specified in section 306(a). Each department, agency, or establishment of the United States is authorized and directed to cooperate with the Secretary of Labor and the Secretary of Health, Education, and Welfare and, to the extent permitted by law, to provide such services and facilities as either may request for his assistance in the performance of his functions under this Act.

(b) The Secretary of Labor and the Secretary of Health, Education, and Welfare shall carry out their responsibilities under this Act through the maximum utilization of all possible resources for skill development available in industry, labor, public and private educational and training institutions, State, Federal, and local agencies, and other appropriate public and private organizations and facilities.

Appropriations Authorized

Sec. 304. (a) There are hereby authorized to be appropriated \$2,000,000 for the fiscal year ending June 30, 1963, \$3,000,000 for the fiscal year ending June 30, 1964, and each of the two succeeding fiscal years, for the purpose of carrying out title I.

(b) There are hereby authorized to be appropriated \$97,000,000 for the fiscal year ending June 30, 1963, \$161,000,000 for the fiscal year ending June 30, 1964, \$407,000,000 for the fiscal year ending June 30, 1965, and \$281,000,000 for the fiscal year ending June 30, 1966, for the purpose of carrying out title II.

(c) There are hereby authorized to be appropriated \$1,000,000 for the fiscal year ending June 30, 1963, \$1,000,000 for the fiscal year ending June 30, 1964, and each of the two succeeding years, for the purpose of carrying out title III.

(d) There are hereby authorized to be appropriated \$5,000,000 for the fiscal year ending June 30, 1962, for planning and starting programs under this Act.

Limitations on Use of Appropriated Funds

Sec. 305. (a) Funds appropriated under the authorization of this Act may be transferred, with the approval of the Director of the Bureau of the Budget, between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

(b) Any equipment and teaching aids purchased by a State or local education agency with funds appropriated to carry out the provisions of part B shall become the property of the State.

(c) No portion of the funds to be used under part B of this act shall be appropriated directly or indirectly to the purchase, erection, or repair of any building except for minor remodeling of a public building necessary to make it suitable for use in training under part B.

(d) Funds appropriated under this Act shall remain available for one fiscal year beyond that in which appropriated.

Authority to Contract

Sec. 306. (a) The Secretary of Labor and the Secretary of Health, Education, and Welfare may make such contracts or agreements, establish such procedures, and make such payments, either in advance or by way of reimbursement, or otherwise allocate or expend funds made available under this Act, as they deem necessary to carry out the provisions of this Act.

(b) The Secretary of Labor and the Secretary of Health, Education, and Welfare shall not use any authority conferred by this Act to assist in relocating establishments from one area to another. Such limitation shall not prohibit assistance to a business entity in the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary of Labor finds that assistance will not result in an increase in unemployment in the area of original location or in any other area where such entity conducts business operations, unless he has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

Selection and Referral

Sec. 307. The selection of persons for training under this Act and for placement of such persons shall not be contingent upon such person's membership or nonmembership in a labor organization.

Definition

Sec. 308. For the purposes of this act, the term "State" includes the District of Columbia, Puerto Rico, the Virgin Islands, and Guam.

Secretaries' Reports

Sec. 309. (a) Prior to March 1, 1963, and again prior to April 1, 1964, April 1, 1965, and April 1, 1966, the Secretary of Labor shall make a report to Congress. Such report shall contain an evaluation of the programs under title I and part A of title II, including the number of persons trained and the number and types of training activities under this Act, the number of unemployed or underemployed persons who have secured full-time employment as a result of such training, and the nature of such employment, the need for continuing such programs, and recommendations for improvement.

(b) Prior to March 1, 1963, and again prior to April 1, 1964, April 1, 1965, and April 1, 1966, the Secretary of Health, Education, and Welfare shall also make a report to Congress. Such report shall contain an evaluation of the programs under part B of title II, the need for continuing such programs, and recommendations for improvement. The first such report shall also contain the results of the vocational training survey which is presently being conducted under the supervision of the Secretary.

Termination of Authority

Sec. 310. (a) All authority conferred under title II of this Act shall terminate at the close of June 30, 1966.

(b) Notwithstanding the foregoing, the termination of title II shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment or other obligation entered into prior to the date of such termination: Provided, That no disbursement of funds shall be made pursuant to the authority conferred under title II of this Act after December 30, 1966.

APPENDIX "B"

REGULATIONS OF THE SECRETARY OF LABOR RELATING TO THE
MANPOWER DEVELOPMENT AND TRAINING ACT OF 1962
(AS PRINTED IN THE FEDERAL REGISTER OF
AUGUST 25, 1962)

TITLE 29 -- LABOR

Subtitle A - Office of the Secretary of Labor,
Department of Labor

PART 20 - OCCUPATIONAL TRAINING OF UNEMPLOYED PERSONS

Pursuant to authority contained in section 207 of the Manpower Development and Training Act of 1962 (Pub. Law 87-415; 76 Stat. 29), I hereby amend Title 29 of the Code of Federal Regulations by establishing a new Part 20 to read as set forth below.

The provisions of section 4 of the Administrative Procedure Act (5 U.S.C. 1003) which require notice of proposed rule making, opportunity for public participation, and delay in effective date are not applicable because these rules relate to public benefits. I do not believe such procedures will serve a useful purpose here. Accordingly, these amendments shall become effective immediately.

Subpart A - General

Sec.

- 20.1 Definitions.
- 20.2 Effective period of program.
- 20.3 Advisory committees.
- 20.4 State agency information requirements.
- 20.5 Standards for vocational training.

Subpart B - Selection and Referral

- 20.10 Determination of employment opportunities.
- 20.11 Determination of an individual's training needs.

Sec.

20.12 Selection and referral of trainees

Subpart C - On-the-Job Training

20.20 Standards for on-the-job training.

20.21 Requirements for agreements for

20.22 Rates under agreements.

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20.30 Eligibility for training allowances.

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20.33 Maximum period for training allowances.

20.34 Maximum duration of training.

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20.37 Training allowance when more than one State is involved.

20.38 Reimbursements for unemployment compensation paid by
the State.

20.39 Overpayment and fraud.

20.40 Subsistence allowances.

20.41 Transportation allowances.

Subpart E - Determinations and Review

20.50 Determinations.

20.51 Reconsideration or review of determination.

Authority: 20.1 to 20.51 issued under Public Law 87-415;
76 Stat. 20.

Subpart A - General

20.1 Definitions.

As used in this part, unless the context clearly indicates otherwise, the term:

(a) "Act" means the Manpower Development and Training Act of 1962, Public Law 87-415.

(b) "Agreement" means an agreement entered into by the Secretary pursuant to sections 203, 204, or 206 of the Act.

(c) "Allowance" includes training, subsistence, and transportation allowances provided under Title II of the Act.

(d) "Annual net farm family income" means the net income as computed or reported in the preceding year by the head of a farm family under Internal Revenue rules.

(e) "Compensated hours" means hours worked by a trainee in a training week:

(1) In on-the-job training for which the employer pays the trainee in accordance with provisions of the regulations and agreements under section 204 of the Act;

(2) In paid employment;

(3) In self-employment for profit engaged in by the trainee other than work on a farm as a member of a farm family with annual net farm family income of less than \$1,200; or

(4) For which pay is due.

(f) "Farm family" means a family headed by an individual whose principal employment during the year was in agricultural labor which includes all services performed -

(1) On a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and furbearing animals and wildlife;

(2) In the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane, if the major part of such service is performed on a farm;

(3) In connection with the production or harvesting of maple sirup or maple sugar or any commodity defined as an agricultural commodity in section 15(g) of the Agricultural Marketing Act, as amended (46 Stat. 1550, sec. 3; 12 U.S.C. 1141j), or in connection with the raising or harvesting of mushrooms, or in connection with the hatching of poultry, or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways used exclusively for supplying and storing water for farming purposes; or

(4) In handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, any agricultural or horticultural commodity; but only if such service is performed as an incident to ordinary farming operations or, in the case of fruits and vegetables, as an incident to the preparation of such fruits or vegetables for market. The provisions of this paragraph shall not be deemed to be applicable with respect to service performed in

connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption; and

As used in this paragraph, the term "farm" includes stock, dairy, poultry, fruit, furbearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses, or other similar structures used primarily for the raising of agricultural or horticultural commodities and orchards.

(g) "Good cause" means justifiable reasons determined in accordance with a standard of conduct expected of an individual acting as a reasonable person in the light of all the circumstances, and includes but is not limited to reasons beyond the control of the individual or factors connected with the capabilities of the individual to satisfactorily progress or complete the training.

(h) "Head of family" means an individual who is responsible for supporting and maintaining a household or home for a dependent or dependents.

(i) "Head of household" means an individual not a non-resident alien who is not married and either -

(1) Maintains as his home a household which constitutes the principal place of abode, as a member of such household, of-

(i) A son, stepson, daughter, or stepdaughter of the individual or a descendant of a son or daughter of the individual if such son, stepson, daughter, stepdaughter, or descendant could be qualified as a deduction for Internal Revenue purposes, or

(ii) Any other person who could be qualified as a deduction for Internal Revenue purposes as a dependent of the individual, or

(2) Maintains a household which constitutes the principal place of abode of the father or mother of the individual, if the individual would be entitled to a deduction for the father or mother for Internal Revenue purposes.

An individual shall be considered as maintaining a household only if over half of the cost of maintaining the household is furnished by such individual.

(j) "Increased training allowance" means the training allowance that is payable to a qualified individual who, but for his training, would be entitled to receive unemployment compensation in an amount which exceeds the regular training allowance.

(k) "Labor market area" means any geographical area defined as a labor market area by the Secretary.

(l) "On-the-job training" means a training project, or that part of a training project, which uses instruction combined with work to qualify a trainee for a particular occupation.

(m) "Reduced training allowance" means the allowance payable (regular, increased, supplemental, or youth) in a reduced amount when a trainee has compensated hours in a week.

(n) "Regular place of residence" is the city, town, or other place where an individual has his principal place of abode.

(o) "Regular training allowance" means an allowance equal to the average unemployment compensation payment in the State for a week of total unemployment (including dependents' allowances) in the most recent quarter for which data is available.

(p) "Secretary" means the Secretary of Labor of the United States, or his authorized representatives.

(q) "State" includes the 50 States, the District of Columbia, Commonwealth of Puerto Rico, Guam, and the Virgin Islands.

(r) "State agency" means the agency of the State which administers the employment security program or other agency of the State designated to cooperate with the Secretary of Labor to effectuate the purposes of the Act.

(s) "Subsistence allowance" is the allowance provided under subsection 203 (b) of the Act for the separate maintenance of an individual who is receiving training at a training facility which is not within commuting distance of his regular place of residence.

(t) "Supplemental training allowance" means the allowance payable to a trainee who receives unemployment compensation in an amount which is less than his regular or youth training allowance.

(u) "Three years experience in gainful employment" means any combination of qualifying periods of employment for pay (including military service), self-employment for profit, or as a worker whose principal employment is in a family enterprise and for which he receives no salary, that do not overlap and which aggregate 3 years.

(v) "Training" means a planned and systematic sequence of instruction under competent supervision designed to impart predetermined skills, knowledge or abilities with respect to a specific occupation and may include, to the extent necessary, instruction in basic subjects which is given specially in relation to such occupation.

(w) "Training allowance" means the weekly allowance made under sections 203(a) or (c) of the Act to qualified trainees.

(x) "Training facility" means:

(1) A public or private educational or training institution which provides training under section 231 of the Act, or

(2) An institution, including but not limited to, a private or public agency, employer, trade association, labor organization, or other industrial or community group, conducting on-the-job training approved by the Secretary under Title II of the Act.

(y) "Training project" means a specified course of instruction for the training of referred individuals in one occupational training area.

(z) "Transportation allowance" is the allowance provided for under section 203(b) of the Act to an individual for transportation expenses where the training facility is not within commuting distance of his regular place of residence.

(aa) "Underemployed individual" means, for purposes of priority in selection and referral for training, (1) one working below his skill capacity or (2) one who now is or has received notice that he will be working less than full-time in his industry or occupation or (3) one who has received notice he will be unemployed because his skill is becoming obsolete.

(bb) "Unemployed individual" means (1) for purposes of priority in selection and referral for training an individual who is able to work and available for full-time employment and has no job or is a member of a farm family which has less than \$1,200 annual net family income, and (2) for purposes of paying training allowances an individual who has worked less than 40 compensated or compensable hours in the week, or worked for less than a full work week scheduled for his industry or occupation, unless the shorter work week is not attributable to a shortage of work in the industry or occupation, or is a member of a farm family which has less than \$1,200 annual net family income.

(cc) "Unemployment compensation" means the compensation payable for weeks of unemployment in accordance with the provisions of a State or Federal law, including but not limited to the unemployment compensation laws of the several states, the Railroad Unemployment Insurance Act and Title XV of the Social Security Act.

(dd) "Vocational education agency" means the authorized State vocational education agency which has entered into an agreement with the Secretary of Health, Education, and Welfare pursuant to section 231 of the Act.

(ee) "Week" means a calendar week or any 7 consecutive day period other than a calendar week.

(ff) "Weekly" means once a week.

(gg) "Youth" means a person who has attained the age of 16 years but has not reached his 22nd birthday, except that for eligibility for a youth training allowance a youth must be over 19 years of age.

(hh) "Youth training allowance" means the training allowance not to exceed \$20 per week that is payable to an unemployed individual who has attained his 19th birthday but has not reached his 22nd birthday and does not qualify for a regular training allowance as head of a family or head of a household with at least 3 years of experience in gainful employment.

20.2 Effective period of program.

Allowances shall be payable under the Act only for weeks of training beginning within the covered period, and reimbursement shall be payable under the Act only for State unemployment compensation paid with respect to weeks of training beginning within the covered period as follows:

(a) To begin within the covered period a week must begin on or after July 1, 1962, or, if the agreement under the Act is executed after July 1, 1962, the day on which the agreement is entered into by the State and the Secretary;

(b) After June 30, 1964, payment for training allowances may be made by the Secretary only if the State bears one half of the cost of training allowances paid, including State unemployment compensation paid for weeks of training under the Act;

(c) No payment shall be made after June 30, 1965, except in the case of a trainee who had begun a training project before July 1, 1965, with respect to which an allowance was payable under the Act or with respect to which reimbursement was payable under the Act or would have been so payable but for the fact that the unemployment compensation was payable under Title XV of the Social Security Act, the Railroad Unemployment Insurance Act or any other Federal law; and

(d) Payments may be made for weeks of training after July 1, 1965, but in no event may any payment be made after December 30, 1965.

20.3 Advisory committees.

(a) State advisory committees. The Secretary, or his authorized representatives, shall utilize the consultative

services of a State advisory committee composed insofar as practicable of persons representing education, training, labor, management, agriculture, and the public in general.

(b) Local advisory groups. The Secretary, or his authorized representatives, shall encourage the establishment, and utilize the consultative services, of local advisory groups composed, insofar as practicable, of persons representing education, training, labor, management, agriculture, and the public in general.

20.4 State agency information requirements.

In order that they may fulfill their responsibilities under the Act State agencies will need the cooperation of the training facilities to secure the following:

(a) Acknowledgement in writing when referred individuals have been enrolled;

(b) Cooperation and assistance in the filing of allowance requests by eligible trainees;

(c) Notification of the completion or other termination of significant interruption of training of any enrolled trainee;

(d) Determinations and certification as to a trainee's attendance and progress, as provided for in 20.50; and

(e) Such additional reports as may be required by the Secretary.

20.5 Standards for vocational training.

Training projects conducted pursuant to section 231 of the Act shall meet the standards and policies prescribed by the Secretary of Health, Education, and Welfare.

Subpart B - Selection and Referral

20.10 Determination of employment opportunities.

(a) Reasonable expectation of employment. Prior to referral to specific occupational training, a determination shall be made that there is a reasonable expectation of employment for the individual in the occupation. In the absence of such determination there shall be no referral of any person to a training program.

(b) Jobs or opportunities excluded. The determination of training needs shall not include jobs or opportunities which:

(1) Do not meet prevailing standards of the industry in the labor market area in which they exist with respect to wages (subject to the standards for on-the-job training prescribed in 20.20 to 20.23), hours and conditions of employment;

(2) Exist due to the transfer of any establishment, production, business or service which has caused an increase in unemployment in the area of original location or in any other area where such establishment, production, business or service conducts business operations;

(3) Requires less than two weeks training, unless there are immediate employment opportunities in such occupation; or

(4) Could not be filled by the United States Employment Service under its policies and regulations with respect to referrals to employment as contained in the Code of Federal Regulations and as implemented by the pertinent provisions of the Employment Security Manual.

20.11 Determination of an individual's training needs.

Prior to selection and referral of a person for training, the Secretary shall determine through the State agency, or through such other agency as he may designate, the training needs of such person by interviewing, testing, and counseling as necessary with regard to his aptitudes, interests, education and other pertinent factors.

20.12 Selection and referral of trainees.

(a) Persons, including youths, who are otherwise eligible for training shall be selected for training projects which are commensurate with their training needs, if at the time of their selection and referral, they are:

(1) Unemployed or underemployed and cannot reasonably be expected to secure appropriate full-time employment without training;

(2) Registered at the appropriate local public employment service office or such other agency as may be designated by the Secretary; and

(3) Available for counseling or other personal interviews and for aptitude, proficiency, or other occupational tests which may be required.

(b) In selecting and referring applicants for training projects, priority shall be extended to:

(1) Unemployed over underemployed individuals, and

(2) Subject to the priority above individuals are to be trained for employment; first, within the labor market area in

which they reside, second, within the State of their residence, and third, outside the State in which they reside if not in the same labor market area.

(c) Trainees shall not be referred to training projects to qualify them for employment where the terms or conditions of employment are contrary to Federal, State, or local law.

(d) Selection and referral of applicants shall be made in accordance with the policies and regulations of the United States Employment Service relating to referral to employment or such other criteria as may be established.

Subpart C - On-the-Job Training

20.20 Standards for on-the-job training.

The following standards will be applied to on-the-job training projects. Each project shall:

(a) Have the objective of teaching the basic needs requisite for satisfactory performance in the occupation for which the training is given;

(b) Require that the trainee devote his time principally to training where the payment of allowances is contemplated;

(c) Provide methods of instruction, scheduling of sessions, progression of trainees, size of the training class or group, all of which shall meet the approval of the Secretary, and be comparable in duration to similar projects, and adequate in content to qualify trainees for employment;

(d) Provide adequate and safe facilities and equipment, qualified instructors and other personnel;

(e) Require that suitable records of attendance, performance and progress of trainees be maintained and that such records be made available to the Secretary, when so requested;

(f) Provide that upon request the trainee shall be given an opportunity to be heard and reconsideration or review of any certification made which terminates him from training absent good cause; and

(g) Provide that for hours spent in production of any goods or services the rate of compensation to be paid to trainees by employers shall be specified in a written agreement entered into by the training facility and the Secretary.

20.21 Requirements for agreements for on-the-job training.

Prior to entering into an agreement with a training facility it shall first be determined that there is:

(a) Joint agreement to the training project and the wage scale by the training facility and the bargaining agent where there is a collective bargaining agreement applicable to the establishment and the occupation

(b) Reasonable assurance that the wage rate set for the trainees will not tend to create unfair competitive labor cost advantages nor have the effect of impairing or depressing wage or working standards established for experienced workers for work of a like or comparable character in the establishment and industry; and

(c) No abnormal labor condition such as a strike, a lock-out, or other similar condition, existing at the establishment.

20.22 Rates under agreements.

The agreement with the training facility shall include the rate of compensation to be paid to trainees by the training facility, determined as follows:

(a) If experienced workers are paid on a piece rate basis, trainees shall be paid at least the same piece rates as experienced workers employed on similar work in the establishment;

(b) If experienced workers in the establishment are paid on a time rate basis, trainees shall be paid on a time rate basis, which is to be expressed as a progressively increasing proportion of the rate paid to experienced workers and determined on a basis of information about the typical output curve of a trainee and the length of time required to reach the proficiency of an experienced worker, provided that the training project is of such duration that periodic increases are reasonable; and

(c) In no case shall the wage rate paid a trainee be less than the following, whichever is highest:

(1) The minimum entrance rate for inexperienced workers in the same occupation in the establishment or if the occupation among other establishments in the prevailing entrance rate for the occupation among other establishments in the community or area;

(2) The minimum rate required under the Fair Labor Standards Act (including any special rate provided by certification under section 14 of the Act) or the Walsh-Healey Public Contracts Act, to the extent that such Acts are applicable to the trainee; or

(3) Any minimum rate applicable to the trainee and required under any other Federal law, or any State or local law.

20.23 Provisions of agreements.

Any agreement entered into pursuant to section 204 shall provide:

(a) That the training facility shall adhere to all requirements relative to terms or conditions of employment prescribed by any applicable Federal, State or local laws;

(b) That after notice and opportunity to be heard, including an opportunity to demonstrate compliance and make restitution, a determination of failure to adhere to any such requirements shall constitute cause for termination of the agreement.

Subpart D - Allowances

20.30 Eligibility for training allowances.

An unemployed individual who was selected and referred to training under Title II of the Act may be eligible for a regular or increased training allowance or the State's Unemployment Trust Fund may be reimbursed, if, during the week, he is the head of a family or head of a household, and has had three years' experience in gainful employment prior to the week of training involved, or, if not so qualified, for a youth training allowance if, prior to the week, he has reached his 19th birthday and has not reached his 22nd birthday. In order for an individual to have three years' experience in gainful employment the experience need not be consecutive and may have been acquired at any time in the individual's lifetime. Qualifying periods for the three years' experience are:

(a) A calendar year in which the individual had 150 days of work regardless of the months or quarters in the year in which the work was performed;

(b) A calendar quarter in which the individual had 35 days of work regardless of the months within the quarter in which it occurred; or

(c) A calendar month in which the individual had 10 days of work; and

(d) For purpose of this section a day of work shall include days on which work was performed, even though less than a full day.

20.31 Qualifications for training allowances.

In order for an individual to be eligible for a training allowance or for a State's Unemployment Trust Fund to be

reimbursed, an unemployed individual must also:

(a) Have been selected and referred to training under Title II of the Act;

(b) Make a request for the training allowance in the manner and form prescribed by the Secretary;

(c) Have been enrolled for the week during his training period in accordance with the requirements of the training facility;

(d) Not have received or be seeking unemployment compensation under any Federal or State law for the week or any part of the week, except that:

(1) If he is seeking unemployment compensation and his claim is finally denied by the responsible agency involved, this restriction shall not apply, or

(2) If he receives unemployment compensation in a lesser amount than the amount of the allowance to which he is otherwise entitled under this Act but for the receipt of such payment, he shall be entitled to the difference provided under this Act; and

(e) Not be within a period of ineligibility described in 20.32.

20.32 Periods of ineligibility for training allowances.

An individual may not receive any allowance under Title II of this Act and no reimbursement shall be made to a State for unemployment compensation paid for a week of training that begins within one year following the date that the individual:

(a) Is terminated from training pursuant to certification under subsection 202(g) of the Act;

(b) Refuses, without good cause, to accept training under the Act; provided, however, that no individual shall be required to accept training in an occupation which is below the economic or skill level of his present occupation; or

(c) Completes, or terminates prior to completion (for other than good cause), a training project in connection with which the individual received a training allowance under this Act or any other Federal Act or received unemployment compensation payments which were reimbursed under this Act or any other Federal Act or would have been reimbursed but for the fact that such payments were made under a Federal Act and which were paid with respect to such training. There is a completion of the training project when the individual has taken training for the number of weeks for which he was scheduled or rescheduled in a training project, or in the opinion of the training facility has achieved the objective of the training project.

20.33 Maximum period for training allowances.

Training allowances may be paid to an individual for not more than 52 weeks. A payment under the Railroad Unemployment Insurance Act, the Temporary Extended Unemployment Compensation Act of 1961, or Title XV of the Social Security Act, or any payment (for which reimbursement is made under this Act) to an individual while taking training shall be applied against the 52 week maximum period.

20.34 Minimum duration of training.

No training allowance may be paid to an individual if he has been referred to training for less than six days.

20.35 Amount of training allowance.

The amount of the training allowance shall be as follows:

(a) Regular training allowance. The amount of a regular training allowance shall be the average of payments of State unemployment compensation for weeks of total unemployment paid by the State (including dependents' allowances) in the calendar quarter preceding the quarter in which the payment is computed. This amount shall be computed quarterly by dividing the total amount of such payment by the number of weeks of total unemployment compensation. The computed average, if not an exact dollar amount, shall be rounded to the next higher dollar. The amount of an allowance based upon data for a calendar quarter shall be payable for weeks of training that begin within the second calendar quarter following the data quarter.

(b) Guam and the Virgin Islands. The amount of a regular training allowance payable to an individual selected and referred to training under Title II of the Act in Guam and the Virgin Islands shall be a percentage of the average weekly wage paid during the latest calendar quarter for which data are available. The percentage used shall be the ratio of the average weekly unemployment compensation benefit amount to the average weekly total wages in State-covered employment for the United States for the latest period for the ratio. The amount computed in accordance with this paragraph shall be determined and redetermined at the same intervals and shall apply to the same periods as in other States.

(c) Youth training allowances. The amount of a training allowance for a youth who does not qualify for a regular training allowance may not exceed the lesser of \$20 or the amount of the regular training allowance in the State.

(d) Increased training allowances. A trainee who, but for his training, would have been entitled to unemployment compensation under a Federal or State law in an amount greater than the amount of a regular training allowance as provided above, shall have his training allowance increased to the amount he would have been entitled to under the State or Federal law for those weeks during which he would be entitled to unemployment compensation, including extended durations. All adjustments required by the applicable State or Federal law shall be made, e.g., deduction for pension or workmen's compensation and vacation pay. The amount and duration of an increased training allowance payable under this Act shall be for as long as the individual would draw unemployment compensation under the law of the State if the State's Unemployment Trust Fund were not reimbursed under this Act. The State will make the determination to be used in determining the weeks and amounts to which a trainee is entitled in those States that vary weekly benefit amounts during the benefit year because of (1) per employer determinations, (2) change in number of dependents, or (3) change in the State law.

(e) Reduced training allowance. The regular, increased, youth, or supplemental training allowance shall be reduced by two and one half percent of such allowance for each compensated hour of the week. No allowances to which an individual may otherwise be entitled under this Act shall be diminished in any respect because of his receipt or entitlement to any supplemental unemployment benefits or separation allowances provided under any collective bargaining agreement.

(f) Supplemental training allowance. Where the unemployment compensation received is less than the regular or youth training allowance, the difference shall be paid as a supplemental training allowance subject to paragraph (e) of this section.

20.36 Request for training allowance.

(a) Furnishing of Request form. A Request for a training allowance shall be made in accordance with instructions issued by the Secretary. The form shall be furnished by the training facility to such trainee immediately following each week of training. Provided, that in the event the training facility fails to furnish the Request form promptly, the State agency shall furnish the trainee with a form for late filing.

(b) Completion and mailing of Request. The trainee shall complete his portion of the Request and return it to the training facility, which shall complete its portion and mail the Request to the State agency.

20.37 Training allowance when more than one State is involved.

The State agency that makes the selection and referral of an individual shall pay allowances to the individual irrespective of the State in which the training is conducted and in which the individual may be eligible for unemployment compensation. In computing the amount of the training allowance payable, the trainee shall receive as his training allowance an amount equal to the average unemployment compensation paid in the State of selection and referral or his unemployment compensation rate, whichever is greater. The State paying the training allowance shall request appropriate information from the State in which he has worked for the Railroad Retirement Board) to establish whether the individual is eligible for unemployment compensation, the weekly and total amount of such eligibility, and the termination date of the benefit year, or comparable date, and the amount of any unemployment compensation received for the week that is concurrent with or overlaps a week of the training period.

20.38 Reimbursements for unemployment compensation paid by the State.

(a) The Secretary will authorize credit to the State's account in the Unemployment Trust Fund to reimburse the State for the amount of unemployment compensation paid by the State to trainees eligible to receive training allowances under the Act, provided, the maximum amount for which reimbursement will be authorized for youth training allowances may not exceed \$20 a week, and provided further, that whenever an individual eligible for State unemployment compensation during a week of training elects to take an increased training allowance in lieu thereof, the total amount which the Secretary will pay as reimbursement or increased training allowance shall not exceed the total amount which he would have paid had the individual drawn his unemployment compensation first.

(b) A State that makes unemployment compensation payments to a trainee who is selected and referred to training by an agent State and who is eligible for training allowances for weeks covered by such payments will be reimbursed. The agent State making the selection and referral in such cases will determine whether the trainee would be eligible for a training allowance (but for receipt of the unemployment compensation) and will notify the State that pays the unemployment compensation of its determination. The notification by the agent State to the State making the payment of unemployment compensation will be the evidence upon which the reimbursement will be authorized.

(c) The amount of reimbursement to the State will be limited to the amount of State unemployment compensation paid for periods of training under this Act and shall not include payments made pursuant to Federal Law. Unemployment compensation paid under the wage combining plan will be reimbursed to the paying State. The agent State shall maintain records relating to the eligibility of the trainee for training allowances for the weeks involved in its request for reimbursement of unemployment compensation paid under this provision.

(d) Charges to the unemployment compensation entitlement of a trainee and the experience rating account of an employer may be correspondingly offset by credits to the extent the State's account in the Unemployment Trust Fund is reimbursed under the Act; Provided, The restored duration shall relate to a period following the period when training allowances are paid.

20.39 Overpayment and fraud.

The trainee shall be required to repay the amount of any overpayment and any overpayment not repaid shall be set off against any future allowance to which the trainee shall become entitled. Overpayments under any other program may not be offset against allowances payable to a trainee under this Act. The State agency shall use the same procedures as are provided under the State law in connection with this program. Waiver of any overpayment may be considered and granted in accordance with State unemployment compensation laws and regulations.

20.40 Subsistence allowances.

(a) Eligibility. A State agency may pay a subsistence allowance, without regard to eligibility for a training allowance or the 52-week limitation, for the period that the trainee is in training away from home at a facility which is not within commuting distance of the trainee's regular place of residence.

(b) Amount. In determining the amount of a subsistence allowance the exact days that elapse shall be taken into account beginning with the day when the trainee departs and ending with the day in which he returns. Travel time shall not exceed the time required by the mode of public transportation that the trainee could reasonably be expected to take to and from his regular place of residence. The weekly subsistence allowance payments may be rounded to the next higher dollar. Subsistence allowance shall be paid at the rate of \$35 per week, and \$5 per day, provided that when the training facility furnishes or makes lodgings and meals available to

trainees at a rate of \$4 or less per day, the subsistence allowance shall not exceed the amount charged for those accommodations plus an allowance of \$1 per day for incidentals.

(c) Request for subsistence allowance. Subsistence allowance will be paid to an eligible trainee upon the filing of a completed request. Allowance for subsistence is payable upon completion of a week of training except that the State agency may, if it determines it to be necessary, advance the allowance for a week at the beginning of a training project to enable the trainee to accept training.

20.41 Transportation allowances.

(a) Eligibility. A State agency may pay a transportation allowance when the training facility is not within commuting distance of the trainee's regular place of residence. The State agency shall take into consideration the distance, time and cost involved in traveling to the training facility in determining whether a trainee's regular place of residence is not within commuting distance of the training facility. Factors which may enter into a determination in this respect shall include information gathered from (1) the established labor market area, (2) local practices, or (3) a place-of-work place-of-residence survey.

(b) Frequency. A trainee may receive transportation allowance only at the beginning and at the end of a training project, except that when the training facility is closed for one or more days and the trainee elects to return home he shall be entitled to receive either the transportation allowance or the subsistence allowance, whichever is less.

(c) Amount. The transportation allowance may not exceed the cost of the most economical public transportation the trainee could reasonably be expected to take or ten cents per mile, whichever is less.

(d) Method of payment. A transportation allowance will be paid to an eligible trainee upon the filing of a completed request, in accordance with instructions provided by the Secretary. When the payment is made in advance the trainee shall acknowledge receipt of the allowance.

Subpart E - Determinations and Review

20.50 Determinations.

(a) Training facility. The State Agency will furnish instructions and forms for use by the training facility in:

(1) Determining whether a trainee has a satisfactory attendance record and is making satisfactory progress;

(2) Where unsatisfactory attendance or progress is determined to exist, determining whether there was a good cause for such condition; and

(3) Where the unsatisfactory attendance record or progress is determined to be absent good cause, certifying the determination to the State agency.

(b) State agency. The State agency shall determine whether an individual is qualified to receive training and eligible for training allowance, subsistence allowance, or transportation allowance and the amount of the allowance. Determinations of the State agency shall conform to standards and criteria that may be required by the Secretary and to precedent decisions published by the Secretary. The State agency shall give notice to the individual affected of any determination denying an allowance; the notice shall be in writing and shall clearly state the reasons for the denial. Notice of the determination shall be personally delivered to the individual or mailed to his last known address.

20.51 Reconsideration or review of determination.

(a) Training facility. A determination of a training facility may be reconsidered or reviewed by the facility in accordance with its rules and regulations, which must meet the approval of the Secretary of Labor or the Secretary of Health, Education, and Welfare whichever is appropriate. Such reconsideration or review shall be final and conclusive.

(b) State agency. Any determination of a State agency with respect to allowances may be reconsidered by the agency and shall be appealable under the State's regular administrative appellate procedures except that there shall be no recourse to the State courts. Individuals shall be advised of their right to a reconsideration or review, by the Secretary, of the final determination under the State's administrative appellate procedures.

(c) The Virgin Islands. In the case of an appeal by an individual from a determination by the agency of the Virgin Islands, the appellant shall be entitled to a hearing and decision in accordance with the procedures governing appeals in 20 CFR 611.7, 611.8 (except paragraphs (b) and (1) of 611.8) and 611.10, insofar as such sections apply to the Virgin Islands in regard to appeals under Title XV of the Social Security Act. Notice of the decision, and the reasons therefor, shall be given to the individual, the State agency, and the Secretary of Labor as provided in 20 CFR 611.8(1).

An appeal from a determination made in Guam which denies or reduces an allowance will be heard and decided by a referee appointed by the Secretary.

(e) Review by the Secretary. The Secretary upon request of a trainee or a State agency, or upon his own motion, may review a decision of the authority in the State that has final administrative jurisdiction of appeals filed under the State law. Upon review the Secretary may affirm, modify or reverse the decision or may remand it with direction for further hearings. The Secretary's decision shall be final and conclusive. The Secretary may on his own motion review any determination made under the Act where review is not otherwise provided for under these regulations, and if upon such review he determines the action taken was inconsistent with the rules, regulations and procedures promulgated, he may require an appropriate modification of such determination or action.

Signed at Washington, D. C., this 21st day of August 1962.

Arthur J. Goldberg,
Secretary of Labor.

ABSTRACT

The primary purpose of this thesis was to review and evaluate a project conducted under the Manpower Development and Training Act of 1962 in Radford, Virginia. To place the subject in proper perspective, a review of the economy with particular emphasis on employment, was necessary. It was further necessary to define clearly the types of unemployment; seasonal, cyclical, frictional, and structural, as well as underemployment and full employment.

After these guidelines were established, the investigation was carried into the specific areas covered by the Act. This was accompanied by a brief description of the intent and the administration of the Act.

The project itself was evaluated by first investigating the participants, students, teachers, and administrators on an individual basis.

The conclusions on the project are based on the necessity of the program to that particular area and how the national program appears in the light of this project.