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PROGRAMMATIC CONFLICT IN PUBLIC/PRIVATE MANPOWER PROGRAMS:
THE CASE OF THE PRIVATE SECTOR INITIATIVE PROGRAM

DISSERTATION

Presented in Partial Fulfillment of the Requirements for
the Degree Doctor of Philosophy in the Graduate
School of The Ohio State University

By

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* * * * *

The Ohio State University

1982

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Over the past three years, I have been fortunate enough to be affiliated with the Mershon Center CETA project which evaluated the national implementation of both the Private Sector Initiative Program, as well as the Targeted Jobs Tax Credit Program. The experience and knowledge acquired from these projects allowed for a first-hand introduction to the policy implementation process, and greatly broadened my understanding of employment and training policy. Support for these projects came from the U.S. Department of Labor, the state of Ohio, and The Ohio State University Mershon Center.

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INTRODUCTION

The Private Sector Initiative Program (PSIP) was a demonstration effort authorized by Title VII of the Comprehensive Employment and Training Act of 1978. It represented a new effort on the part of the federal government to increase business participation in government run manpower programs. Under the PSIP program, representatives of the private sector in conjunction with public officials were given an important and direct role in the local manpower decision-making system. PSIP was representative of the growing trend of government programs that sought to create "partnerships" between the public and private sectors in seeking solutions to many of the nation's social problems. However, these partnerships between the two sectors had not always worked out perfectly. Indeed, the type of relationship that had existed between the public and private sectors had not always been one that was guided by joint interests. Rather, it was a relationship that had sometimes been characterized by sets of actors and organizations that held very different goals and ideals. In trying to protect or further their respective interests, the results were sometimes conflict and tension between actors, with the particular piece of public policy consequently achieving only
minimal results and impact.

This research seeks to explore the nature of the relationship that was established between the public and private sectors under the PSIP program. Of particular concern, is whether the type of partnership that was created between the two sectors under Title VII could be a productive one, where the legislative goals of the PSIP program could be effectively and efficiently achieved.

In addressing these questions, Chapter 1 begins with an overview of the theory behind these public/private manpower programs, and why there has been an increased interest in privatization efforts in general. Chapter 2 traces the development of manpower programs in the U.S., as well as presents a research strategy for studying Title VII programmatic conflict and its impacts. Chapter 3 examines the formulation and implementation of a number of past public/private manpower programs, focusing in particular on the PSIP program. Chapter 4 provides an in-depth analysis of the determinants and impacts of programmatic conflict on Title VII's performance in 25 prime sponsorships. Chapter 5 follows-up on this analysis, and presents a comparative case study of Title VII conflict in three prime sponsorships. The final chapter offers some concluding observations and policy recommendations based on the research that has been conducted.
Chapter 1

PRIVATE SECTOR INVOLVEMENT IN GOVERNMENT SOCIAL PROGRAMS

Introduction

The utility and development of a manpower partnership between the public and private sectors was firmly rooted in theories established in the privatization literature. As essential background for the analysis that follows, this chapter will focus on the role the private sector has played and can play in municipal service delivery. In doing so, it will examine the reasons behind the move for increased privatization of governmental services, as well as the reasons why the private sector should be involved in the implementation of employment and training programs.

Municipal Service Delivery

While in the past political scientists have focused much of their attention on such broad topics as the "urban crisis," they have increasingly become interested in focusing on narrower issues in the area of urban government such as the quality and efficiency of urban management and policy-making. Numerous aspects of urban services have
increasingly received attention from social scientists. As Douglas Yates remarks:

After a decade of protest and demand for participation and community control, urban government appears to be entering a new era. Now that the "urban crisis" has been discovered, debated, and in some quarters dismissed, government officials and academic analysts alike have increasingly come to focus on "service delivery" as the central issue and problem of urban policy-making (Yates, 1974, pp. 213-214).

Indeed, while at first glance the delivery of social services may seem to be a fairly unimportant issue as urban government is concerned, upon closer inspection, its importance and relevance for academic inquiry are clearly seen. As Robert Lineberry notes:

Municipal services evokes dreary images of sewers, streets, and other humdrum matters better left to public administrators than to scholarship. Yet, in a way, urban public services are very much like the energy which goes unnoticed until it is suddenly less available or much more costly. It is the cost of urban services (and service purveyors) which has caused municipal taxes to soar; it is the delivery of urban services about which neighborhood groups dispute so frequently with municipal bureaucracies; it is the urban service networks which quite literally provide the lifeblood for urban communications, transportation, and human needs. Their occasional interruptions by strikes and acts of God remind citizens of the links between urban services and day-to-day life quality (Lineberry, 1977, p. 267).

Indeed, many of the protests to city hall made by neighborhood groups and associations have not been over such broad
issues as community participation, urban policy-making, etc., but over day-to-day service delivery issues such as snow removal, refuse collection, street maintenance, etc. Newspapers are filled daily with articles discussing the merits or incapacities of the cities' various services.

Researchers have found a number of problems existing with the municipal system of service delivery. Researchers have found these delivery mechanisms as suffering from everything from basic system overload, to waste, inefficiency, and mismanagement (see Savas, 1974; Pritchard, 1976).

As E. S. Savas points out:

> Our cities are not working well.... Yes, many of our urban services are inefficient and often ineffective and unreliable, primarily because they are poorly designed for the job at hand. Like any poorly designed apparatus, they often seem to be out of order as one part or another breaks down. Our municipal systems must be redesigned so that they function better and have fewer critical parts (Savas, 1974, p. 473).

While Savas feels the solution to inefficient municipal delivery systems is in the redesigning or restructuring of that system, other researchers have arrived at various other solutions. Some have felt that the ineffectiveness of urban service delivery was simply a problem of not having enough money to do an effective job. Thus, they felt that the solution to the problem was to give the cities more money so that they could upgrade their present systems.
Others have seen it mainly as a management problem, or more correctly, a mismanagement problem. These individuals feel that the solution to the problem is for cities to call in management experts in these areas so that they could design a more effective system. Yates argues that the answer to improving urban service delivery does not lie with any of these solutions. Rather he feels the answer is to be found by examining the relationship between the structure of public service institutions and the structure of citizen demands. He calls for a structural solution to the problem. He feels what is needed is a decentralized system which will allow for added citizen involvement in decision-making (Yates, p. 238).

However, the one solution to ineffective service delivery that has of late received the most attention, has been to increase the involvement of the private sector in the running of these programs. Yet, this is not really a new idea. Business has been involved in urban affairs since at least the turn of the century. During the Progressive Era in particular, the private sector was extremely active in trying to help make city government more efficient and businesslike in its operations. As David Rodgers has pointed out: "Partnerships between business and city hall have emerged in countless small and larger towns, reflecting a traditional American belief that business
intervention with 'nonpolitical' solutions was a way of saving cities" (Rodgers, 1974, p. 429).

Peter Drucker, one of the foremost advocates of the movement for increased "reprivatization" efforts, feels that the private sector should be allowed to play a much more expanded role in these traditionally governmental programs. He feels that the government should no longer be a "doer" or an administrator, but rather be an institution that merely governs, and leaves the "doing" to other social institutions. As he states:

The purpose of government is to make fundamental decisions, and to make them efficiently. The purpose of government is to focus the political energies of society. It is to dramatize issues. It is to present fundamental choices. The purpose of government, in other words, is to govern. This, as we have learned in other institutions, is incompatible with "doing". Any attempt to combine governing with "doing" on a large scale paralyzes the decision-making capacity. Any attempt to have decision-making organs actually "do", also means very poor "doing". They are not focused on "doing". They are not fundamentally concerned with it (Drucker, 1966, p. 233).

Privatization

Recently, interest in privatization of many of the functions and services that government now performs has increased substantially. It should be pointed out, that privatization is defined here as the conduct of operations
by the private sector in functional areas traditionally considered to be in the public domain. Various researchers have identified a number of different areas of government activity that are readibly available for private sector takeover (see Fitch, 1974; Pritchard, 1976). However, what is of importance here is not whether a particular service can or perhaps should be turned over to the private sector, but rather what is important here are the factors that have produced this increased interest in alternatives to public delivery of services. It is toward these factors, that this chapter now turns to explore.

One of the major factors for this increased interest in privatization has been the growing cost of state and local government services. Increases in the number of individuals that have to be served, as well as the rapid increases in the amount of personnel, plus the increase in costs due to inflation, have all combined to make the provision of governmental services more expensive. While the federal government in recent years has continued to grow, the growth of local government has been much more dramatic. Indeed, local government has expanded at a rate two to three times faster than the federal government, and now accounts for over 50 percent of all public employment (Pritchard, p. 54). The mounting costs of local governments has been well documented, and current projections
indicate that the growth rate will continue upward (see Florestance and Gordon, 1980, pp. 29-34). Local government officials recognizing this obvious trend, and facing increasing pressure from constituents to decrease or at least contain expenditures, are searching for ways to improve efficiency and economy. This search is increasingly leading them toward privatization as the answer.

A second factor that has contributed towards increased privatization has been the apparent inability of urban governments to cope with the number of problems and demands for service that have been thrust upon them. Rising rates of crime and delinquency, deteriorating public transportation and housing, unemployment, pollution, etc., have all put extra burdens on municipalities. The inability of local governments to handle these problems, have led urban constituents to view the public sector as being inefficient, unresponsive, and lacking accountability. Piven and Cloward argue that not only are public bureaucracies not accountable to the groups that they presently serve, but the reverse is actually true, the client has now become accountable to the public bureaucracy. As they note: "Bureaucracies of the welfare state...have come to exert powerful and inhibiting controls on the low-income people who are their clients.... The professional bureaucracies represent a new system of public action, only occasionally
subject to electoral control" (Piven and Cloward, 1974, pp. 7-8).

Promoters of increased privatization argue that not only have these public bureaucracies lost their accountability, but in doing so, the quality and responsiveness of their performance has gone down substantially. As Fitch points out:

The aims and objectives of government bureaucracies and the standards of service to which they aspire tend to be defined by the professional bureaucrat and their constituencies, rather than by the demand of consumers in the market. With functions which involve rendering service to clients, a common complaint against the public bureaucracies is their tendency to be governed by bureaucratic routine and the preferences and conveniences of the bureaucrats rather than the needs of the clients (Fitch, p. 503).

Given this, it is not surprising to find a number of instances where public services are made available only in places and times inconvenient to the very clients they are supposed to serve. Reiss has found in his study of public service agencies that not only are agencies hours inconvenient to clients, but so are the ways in which the agencies are structured. As Reiss notes:

The high specialization of services (within public service agencies) often means clients must move episodically to different specialists in different agencies. Such a system seems to be designed to dissuade clients from making demands for service rather than to
meet client demands. The client is required to adapt to the agency personnel's schedule rather than his own schedule.... It must be recognized that life is more comfortable for the professional that way and these agencies must be regarded as being professional rather than client-centered. The capacity of professionals to subvert the goals of the client is enormous (Reiss, 1970, p. 212).

Therefore, as urban constituents have come to view the public bureaucracy as being unresponsive and generally unaccountable, dissatisfaction with the public delivery of services has continued to grow. As Pritchard has pointed out:

Traditionally, the public accepts the non-market delivery system. Mounting complaints over the quality and quantity of services, however, have generated questions concerning its monopolistic characteristics. Inefficiency, unresponsiveness, and excessively high costs appear to be too much of a price for some to pay for tradition (Pritchard, p. 54).

An additional reason why there has been increased interest in privatization is due directly to the fact that there has been such large increases in public sector growth. When public sector expenditures were relatively minuscule, there was little interest in privatization of governmental services. The private sector felt that because of the limited size of these services, it simply was not financially attractive for them to deliver these services. However, now that governmental expenditures are so large, the
various services they finance have become financially attractive to alternative providers. Private sector individuals claim they have both the administrative experience and expertise, as well as the proven record of productivity that such a large scale undertaking requires.

While the growing cost of state and local government services, the new financial attractiveness of providing public services, and the inability of urban governments to cope with the number of demands for service, have all been a stimulus for increased interest in privatization, they have had less of an effect than the fourth factor, that being the widely held belief that public bureaucracies are inherently less efficient, in an economic sense, than are private firms whose actions are controlled by the profit motive. Indeed, there is a developing literature that has advanced a number of reasons for thinking that the public sector is inherently less efficient than the private sector.

An essential question that must be addressed when one talks about privatization and increased efficiency, is whether the substitution of a private firm for a government producer actually lowers the costs of providing such services. As Lyle Fitch has pointed out, while there are apriori reasons for thinking that private firms as a class can provide public interest services more effectively and
cheaply than can government agencies, there has been of late, little "hard" evidence presented by researchers to support this point. Many of the studies that attempt to analyze whether the substitution of a private firm for a government producer will actually lower the cost of providing a given service, have done so largely in the area of tangible services such as solid waste collection and disposal, street paving and maintenance, ambulance services, transportation services, and police protection. Very little of this type of research has been carried out in the area of intangible social services. The inability and difficulty of determining acceptable standards of output in these type of intangible services has made these services less subject to measurement.

A number of studies that have examined the benefits of privatization in the area of tangible services, have consistently found that private contractors do in fact provide the same service at a lower cost than can a public bureaucracy (see Spann, 1977; Davis, 1971; Savas, 1978). For instance, Spann has analyzed the public versus the private provision of goods and services in the areas of airlines, garbage collection, hospitals, fire protection, and electric utilities. In the majority of cases, Spann found that private producers can provide the same service at the same or at a lower cost than can public bureaucracies.
In some instances, he found that the cost of private firms are half that of governmental agencies for producing the same goods or service.

What is important in Spann’s finding is not merely the fact that private producers can provide the same service at an equal or lower cost than can the public bureaucracy, but rather what is important are the reasons why they are able to do so. Spann believes the differences in cost between private and public service delivery is largely due to two factors: (1) that private profit-maximizing firms have an incentive to minimize costs whereas public firms or agencies do not; and (2) that the size of private firms is not restricted by political boundaries as is the size of governmental producers. That is, whereas private firms are able to reach their maximum efficient size, public organizations are not, as is the case with municipal electric systems that are usually on too small of a scale to be efficient (Spann, p. 89). Spann concludes from these two factors that

a number of governmental functions can be taken over by private producers with an attendant reduction in the costs of government (or at least no increase). Public provision or consumption of a good or service does not imply public production of that good or service.... Even in areas where quality may be very important, such as health care, there is no reason to prefer government producers over private producers (Spann, p. 89).
Another study which attempts to examine the differences in efficiency between the public and private sectors in the delivery of municipal services has been E. S. Savas' study of refuse collection in New York City. Savas compares the performance of the city's agency, the Department of Sanitation, with that of the competitive carting industry. Savas found that it cost the city more than twice as much as the private sector to collect a ton of garbage - $39.71 compared to $17.28. In trying to explain why it costs the public bureaucracy twice as much to pick up the same amount of refuse as the private sector, Savas identified three factors as being crucial: overmanning, overpaying, and underworking. All three of these factors he believes is a direct result of the monopolistic position of the city agency in regards to refuse collection. The solution to the problem for Savas is a simple one: reduce the city's refuse collection service both in scope and size by contracting out this service to private firms. As he notes:

it is an unwarranted implication that public goods paid for by the public through payments to the public tax collector must be provided to the public by a public agency through public employees. There is no logical reason for the mode of payment to bear any relation to the ultimate mode of delivery of collective goods (Savas, p. 483).

For Savas then, it is not really just an issue over "public versus private" but rather "monopolistic versus
nonmonopolistic" as well. Privatization means greater competition, which in the end means greater overall efficiency. However, the evidence over the cost-effectiveness of turning over a once public service to the private sector is mixed. Patricia Florestano and Stephen Gordon conducted a survey of 289 local government procurement administrators who were asked questions on private sector service delivery of public services within their municipality. The authors found that in those municipalities which do the most contracting out (those under 10,000 in population), private sector delivery was seen as costing more than government provision of the same service. The authors conclude from their study that contracting with the private sector for the provision of public services is not necessarily the panacea for budgetary constraints that promoters of privatization would have one believe (Florestano and Gordon, p. 33).

However, the point Savas makes in his article is an important one. The monopolistic position of some government bureaus, and the attendant reduction in competition, can consequently result in these bureaucracies becoming inefficient and less economical than they would otherwise be. William Niskanen Jr. argues that the most important change in the structure of bureaucracy would be to increase the competition among bureaus in the supply of the same or
similar services. He views this competition as giving bureaucrats an incentive to budget-maximize and seek out additional ways of using efficient production processes. In addition, he sees competition between bureau's as giving a budget review committee "a better basis for identifying an inefficient budget-output proposal from a single bureau. These conditions increase the probability that the review committee will identify and approve a lower total budget for a given level of output then if the service were supplied by a monopoly bureau" (Niskanen, 1971, p. 195).

Recent studies conducted by Davies (1972), Ahlbrandt (1973), Spann (1977), and the Urban Institute (1972), suggest that inefficiency or waste is an inverse function of the competition facing a bureau from other suppliers. Ahlbrandt found that the costs of fire services provided through the public sector under monopoly conditions, were 50 percent higher than the competitive minimum. Spann found that in the cases of electrical power firms and hospitals and nursing homes, that due to the fact that in these areas government suppliers must compete (indirectly or directly) with private firms, the resulting cost differentials between the two are very small. Therefore, on the basis of these studies, it clearly seems that inefficiency is directly related to a bureau's monopoly power.
An additional reason that has been mentioned in support of privatization, is that the private sector has the ability of being more innovative than the public sector. Factors such as cost, institutional constraints, size, and urban government complexity, are seen as impeding innovation in the public sector. In addition, Drucker sees this lack of innovation in the public sector as a natural outgrowth of government. As he states:

Being by design a protective institution, it (government) is not good at innovation. It cannot really abandon anything. The moment government undertakes anything, it becomes entrenched and permanent. Better administration will not alter this. Its inability to innovate is grounded in government's legitimate and necessary function as society's protective and conserving organ (Drucker, p. 226).

In contrast, the private sector is viewed as being free from this type of entrenchment or conservatism. It is thus seen as being free to innovate, and adapt as the situation requires. Consequently, in the long-run, this increases its ability to be efficient and to economize.

A further reason that has been advanced in support of privatization has been that there are different motivational characteristics between the public and private sectors, that ultimately result in the private sector being the most efficient. A. A. Alchian has theorized that the rewards and costs of an activity are more directly concentrated on
each individual responsible for decisions in private enterprise. Thus, an individual will take more care in making decisions when his own wealth is at stake then when the wealth of others is at stake. Private firms must compete in the market place, can be underpriced, and thus face the possibility of losing business to more efficient firms. However, the case of the public bureaucracy is somewhat different. As Spann notes: "Government decision makers (especially tenured civil servants) have much less of their own wealth at stake in decisions made in governmental agencies." Niskanen Jr. recognizing this fact, has suggested that the incentives of bureaucrats be changed so as to induce senior bureaucrats to maximize not the total budget, but the difference between the obtainable budget and the minimum total costs of the service. Through this change, Niskanen believes a modified profit system within the bureaucracy could be created (Niskanen, p. 201). The end result of which would be enhanced public sector efficiency.

Finally, an additional factor that has been mentioned as to why the public sector is inherently less efficient than the private sector has to do with the type of "market place" the two sectors deal in. Fitch believes that while the "outputs" of private firms can be identified as the goods and services which they sell in the market, in
contrast, many of the outputs of public agencies whose market is the political process, are more or less nebulous. Thus, Fitch feels that the outputs of governmental agencies consist not only of the services delivered to consumers, in the conventional sense, but also of the benefits involved in providing inputs - the jobs, contracts, and organizational objectives (such as survival and expansion)... The beneficiaries of government production are therefore not only the direct consumers but also the government officials, decision-makers, and employees, and private firms which purvey inputs to governments. All these interests exert pressure on the political process to maintain and expand the particular service (Fitch, p. 503).

In summary then, there are a number of reasons to suspect that the private sector can be more efficient in running a program or providing a particular service than could the public sector. These reasons include: (1) the fact that private profit-maximizing firms have an incentive to minimize costs whereas public bureaucracies do not; (2) that the size of private firms is not restricted by political boundaries as is the size of governmental producers; (3) the monopolistic nature of government bureaucracies; (4) the lack of innovation of government bureaucracies due to reasons of cost, institutional constraint, size, and urban government complexity; (5) the lack of a motivational incentive on the part of the public sector to reduce costs and increase efficiency; and (6) the type of "market place"
the public sector deals in.

Thus, increased interest in privatization has arisen out of four major factors: (1) the growing cost of state and local government services; (2) the inability of urban governments to cope with the multitude of problems it currently faces; (3) increases in public sector growth and expenditures; and (4) the belief that private sector firms for a variety of reasons are more efficient and economical than the public sector.

The Degree of Private Sector Involvement

While there has been increased interest in privatization, the fact remains that only a small segment of the U.S. business community directly participates in government administered social programs. As Levitan, Mangum, and Taggert, have pointed out in their review of the partnership between government and business, a large proportion of the visible past business participation in these social programs has come mainly from large industry, the corporate giants so to speak, such as A.T. & T, IBM, General Electric, Chase Manhatten Bank, etc. Jules Cohn in a study of the extent of corporate involvement in urban affairs between 1967-70, found that specific types of industries tended to become more involved in these programs than other types of industries. Cohn found that banks, utilities, insurance,
and aerospace companies tended to participate most frequently in urban affairs programs.

With respect to manpower programs in particular, these same types of companies tended to be involved most often. Medium-sized and large companies are the most active types of employers who regularly participate in government manpower programs. Evidence for this comes from a 1979 survey conducted by the Opinion Research Corporation. This survey asked employers about their participation in a variety of manpower programs. It found that of business executives whose job responsibilities include entry-level hiring, 62% had participated in manpower programs by hiring entry-level workers either through the State Employment Service, CETA, or through another government-funded training programs. However, as Tables 1 and 2 show below, this participation varies based on the size of the company.

As Table 1, which measures the size of the company by the firms sales volume, and Table 2 which measures the size of the company by the number of employees show, it is the larger firm which consistently makes the most use of government manpower programs in terms of hiring entry-level workers. As Table 1 points out, 81% of the firms that have sales volume of $51 million and over have participated in these programs as compared to a participation rate of 60% for those firms that have sales volume of $50 million and less.
Table 1

Companies Who Have Used the State Employment Service, CETA, or Other Government-Funded Training Programs in Hiring Entry-Level Workers by Sales Volume of Company*

<table>
<thead>
<tr>
<th>Sales Volume</th>
<th>Yes</th>
<th>No</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $1 million........</td>
<td>57%</td>
<td>40%</td>
<td>3%</td>
</tr>
<tr>
<td>$1 million - $4 million.</td>
<td>59%</td>
<td>38%</td>
<td>3%</td>
</tr>
<tr>
<td>$5 million - $10 million.</td>
<td>62%</td>
<td>35%</td>
<td>3%</td>
</tr>
<tr>
<td>$11 million - $50 million.</td>
<td>81%</td>
<td>19%</td>
<td>0%</td>
</tr>
<tr>
<td>Over $100 million........</td>
<td>81%</td>
<td>18%</td>
<td>1%</td>
</tr>
</tbody>
</table>

*Number of companies surveyed equals 809.

Table 2

Companies Who Have Used the State Employment Service, CETA, or Other Government-Funded Training Programs in Hiring Entry-Level Workers by Company Size Based on the Number of Employees*

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>Yes</th>
<th>No</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 50</td>
<td>48%</td>
<td>49%</td>
<td>3%</td>
</tr>
<tr>
<td>50 - 99</td>
<td>56%</td>
<td>41%</td>
<td>3%</td>
</tr>
<tr>
<td>100 - 249</td>
<td>66%</td>
<td>31%</td>
<td>3%</td>
</tr>
<tr>
<td>250 - 499</td>
<td>77%</td>
<td>23%</td>
<td>0%</td>
</tr>
<tr>
<td>500 and over</td>
<td>85%</td>
<td>13%</td>
<td>2%</td>
</tr>
</tbody>
</table>

*Number of companies surveyed equals 809.

Again in Table 2, 81% of the firms that employ 250 or more employees have hired entry-level workers through a government manpower program as compared to a participation rate of 57% for those companies hiring 249 employees or less. Thus, it is clear that there is a tendency for the larger firms to become more involved in these manpower programs.

Hiring entry-level workers either through the State Employment Service, CETA, or another government-funded training program is only one way in which companies can participate in government programs that seek to employ or train the economically disadvantaged. Businesses can be involved in government manpower programs in a number of different ways. The various ways in which they can participate can be grouped into two categories: internal forms of participation, and external forms of participation. By internal participation, I mean that businesses take part in the actual planning, or implementation of these programs. They lend their time and expertise to helping these manpower agencies plan and develop programs to help find jobs for the unemployed. Internal participation can take several forms: employers can sit on a prime sponsor's planning council, or the recently formed Private Industry Council, employers can give advice on training curricula, they can operate programs as service deliverers, they can help to
recruit participants into the program, they can act as intermediaries to help place participants in other companies, they can make suggestions for new directions in manpower companies, or they can take an active part in marketing these employment and training programs to the business community.

By external participation, I mean that participation by which businesses really are more users of the manpower system rather than an integral part of that system. As with internal participation, external participation can take several forms: employers can place job orders with a government agency, they can hire individuals referred to them by a manpower agency, or they can make use of a variety of job tax credits. When businesses take part in these type of activities, they are at the same time both making use of and participating in that system. However, the extent of that participation is limited to providing the client a job, rather than providing the employment and training system use of their knowledge and expertise.

Motives for Private Sector Involvement

While there are a number of ways in which the private sector can take part in a government social program, there are also a wide variety of reasons or motivations as to why these firms choose to become involved in these programs in
the first place. Indeed, there are some businesses which choose not to become involved in these programs at all. Some economists strongly believe that these companies are correct in not participating in these programs, that the only social responsibility these companies have is to increase their profits. As Milton Friedman has stated: "There is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (Friedman, 1962, p. 133).

Yet clearly, as Cohn and the ORC survey have found, a number of employers do frequently participate in a variety of government social programs. Thus, a major question that arises here is why these businesses become involved in these programs at all. From Friedman's perspective, these companies should be seeking to increase their profits, rather than seeking to participate in government social programs. Nemore and Mangum found in their examination of private involvement in federal programs, that it was out of a combination of social consciousness, profit motive, and labor shortage, that led private employers to become interested in bringing jobs to the poor through involvement in government manpower programs.
Levitan, Mangum, and Taggert have found that an additional source of motivation towards involvement is a company's direct ties to the central city. These authors theorize that because firms do a large portion of their business in the city, they have to be more concerned with the effects of urban unrest than do firms that are not dependent on the city. Thus, as Cohn has found, it is not surprising to find that banks, utilities, and insurance companies, all of which have strong ties to the central city, have been some of the most active participants in social welfare programs (Cohn, 1971).

An additional source of motivation for companies to participate has come directly from the government in the form of persuasion and coercion. This coercion need not be overt to be effective. As Levitan, Mangum, and Taggert point out: "Some of the most active corporations have been involved in antitrust action and may be conscious of the need to improve their public image. Though these firms have rarely been subject to overt coercion, it is clear that one purpose of their good works is to purchase favor" (Levitan, Mangum, and Taggert, 1970, p. 14).

Thus, reasons of social consciousness, profit, the degree to which urban problems affect the business, and government persuasion and coercion, can all play a major role in motivating the private sector to participate in
government programs.

Involving the Private Sector in Employment and Training Programs

While in many social programs lip service was paid to the idea of increasing the involvement of the private sector, many in fact did not make that participation an intrinsic part of the program. However, this is not the case in the employment and training field. Indeed, there are a number of areas within manpower programs in which the private sector can become involved in. They can be involved in contracts to operate specific types of programs, they can operate job corp camps, they can be involved in the development of new educational technology, or they can become involved in the actual decision-making processes of the program.

While there has been this past private sector participation in employment and training programs, a central question that arises here is why there is a need to involve private sector employers in these programs in the first place. That is, what can the private sector bring to the employment and training enterprise which will help make these programs more effective and efficient?
One of the central arguments made in support of increasing the role of the private sector in employment and training programs is that these individuals have a better conception and understanding of where the jobs are to be found, and what skills individuals should possess in order to be employed in these positions. As proponents of this argument like to point out, four out of every five jobs in the U.S. economy are in the private sector. Thus, it is felt that persons from the private sector who are familiar with the hiring and promotion standards of local employers could give valuable input to the prime sponsor on proposed manpower programs. As Larry Blair, Gary deMik, and John Doggette point out:

The business representative can give judgments on the quality and level of the skill training and work environment standards of the manpower programs relative to actual industry requirements. Once the business representatives have become convinced of the quality and value of the training activities, they can enhance the placement effectiveness of the manpower programs by conveying to their own organizations and to the rest of the business community their confidence in the trainees ability to perform on the job (Blair, deMik, and Doggette, 1976, pp. 46-47).

Another central reason given in support of increased business participation, is that the public sector has failed to gear their manpower efforts towards the needs of employers. What is therefore needed, are "private sector manpower intermediaries" who can understand the needs and
concerns of the businessman. It is thought that these intermediaries between government and business would be able to "provide nonpolitical, employer-oriented services with a minimum of delay, paperwork, and red tape" (Robinson, 1978, p. 139). Indeed, Frank Schiff has cited the fact that because government programs were insufficiently geared to encouraging productive private sector involvement in the past, it had the ultimate effect of causing the attitude of many business firms to change from having high hopes for these programs to an attitude of "it can't work."

A third reason given in support of greater participation in manpower programs is that this added involvement of business and industry might one day enable the prime sponsor to acquire the acceptance and support of the local business community. As Blair, deMik, and Doggette explain:

Business representatives can gain an appreciation of the problems and benefits involved and can develop a vested interest in the successful operation and image of "their community's" CETA-funded manpower programs. These feelings will then be transmitted throughout the local business and industrial groups through contact with the representatives on the planning council (Blair, deMik, and Doggette, p. 46).

A fourth reason that has been put forth for increasing the role of the private sector in manpower programs goes back to one of the factors that was earlier seen as helping to promote increased interest in privatization; that being,
the belief that private sector firms are more efficient and economical than the public sector. It is felt that private sector representatives would be able to cut down a lot of the waste and inefficiency that currently occurs in government manpower programs. This viewpoint is well illustrated by the following quote from the Committee for Economic Development and their discussion of the social responsibilities of the business corporation:

That business, with its profit-and-loss discipline, has an especially significant role in the actual execution of social programs because it is a proven instrument for getting much of society's work done and because its top executives, with their diverse management capabilities and their involvement in community affairs, are normally well fitted to deal with today's socioeconomic problems (Committee for Economic Development, 1971, p. 51).

In summary then, there are four central reasons that have been put forth why there is a need for business participation in employment and training programs: (1) the private sector has a better conception and understanding of where the jobs are and what types of training is needed in the area; (2) with private sector participation in these programs, they will become employer oriented, eventually meaning that manpower programs will be geared more closely to the actual needs of employers, with an attendant reduction in paperwork, red-tape, etc.; (3) these private sector representatives will help the prime sponsor gain acceptance
and support in the local business community; and (4) these private sector representatives will help to eliminate waste and inefficiency from these programs because of their management experience in the private sector.

The Private Sector Initiative Program

The concern for increased business participation in government manpower programs is not really a new one, but rather, is a concern that has begun to develop since the inception of employment and training programs in this country. Indeed, in numerous past government manpower programs, the government has actively sought to involve the private sector in a wide range of manpower activities. There has been a fairly long line of government manpower programs since the mid-1960's that have sought private sector participation in both the planning and implementation stages of these programs. The Job Corps program (1964), the Job Opportunities in the Business Sector program (1968), the Help Through Industrial Retraining program (1977), the Skill Training Improvement program (1977), and the Private Sector Initiative program (1978), have all had an emphasis on involving the private sector in some capacity in the employment and training of the disadvantaged.

The most ambitious of these programs by far has been the Private Sector Initiative Program. While many of the
other manpower programs have given lip-service to involving the private sector, PSIP setup a formal mechanism within the program for involving the local business community. Indeed, Title VII required that in order for prime sponsors to qualify for funding, they would have to setup local Private Industry Councils (PIC) that would in turn have to be numerically dominated by representatives of business.

These PICs are really the core of the PSIP program. Not only have they been empowered to assist the local employment and training system become more responsive and attuned to the business community in a particular locality, but they have also been empowered to serve a number of other functions such as: serving as the business and industry contact point in the local employment and training system, analyzing private sector job opportunities in the locality, and reviewing and commenting on the CETA annual plans. Thus, the PICs in a very real sense provide the private sector with an increased opportunity for participating in manpower decision-making. As Ernest Green (Assistant Secretary of Labor in the Carter Administration) noted:

The Councils place, for the first time, some accountability on the shoulders of business to make local employment and training programs work in the private sector. No longer should...business...simply write off government training programs as unresponsive to
their needs. No longer will those government programs appear to be thrust upon business without any input from the business community (Green, 1978).

Under this new initiative, the PIC has been given broad authority to undertake a wide range of manpower activities. The activities that are allowable under Title VII include such things as: the coordination of programs of jobs and training and education that would enable individuals to work for a private employer while attending an education or training program; the development of relationships between employment and training programs, education institutions, and the private sector; the development and marketing of model contracts to reduce the administrative burden on the employer; the provision of followup services with employees placed in private employment; the provision of technical assistance to private employers to reduce the administrative burden of employment and training programs; and the dissemination of information to private employers so that they would utilize more fully the programs funded under Title VII.

The FSIP program is intended to achieve two central goals: (1) increase the involvement of the business community, including small business and minority business enterprises, in employment and training activities; and (2) to increase private sector employment opportunities for
unemployed or underemployed persons who are economically disadvantaged. While these are the two goals for the program that have been enumerated in the original legislation, subsequently, both on the national and local levels other "goals" for the program have been developed. One substantive goal for the program that has been developed on the national level is that PSIP should make use of innovative approaches and programs to help those who face severe structural barriers to employment. As Secretary of Labor Ray Marshall has pointed out, it was the Department of Labor's hope to make PSIP as "flexible, innovative and as free of restrictions and red tape as the Title VII legislation and regulations permit" (Marshall, 1979, p. 831).

In addition to the various substantive goals for the program that have been developed, Ripley et al. have found that on the local level, both CETA and PIC staff members have developed process-oriented goals for the program as well. These goals tended to deal with who ultimately would be in charge of and directly responsible for the PSIP program in a particular locality. Within the twenty-five study sites examined by Ripley et al., some local actors saw the PIC as having a relatively high degree of autonomy, whereas in other sites, an agreement had been struck by local actors that the PIC would simply become integrated with the existing CETA system. However, local administrators of the PSIP program did not necessarily agree with the
PIC over these process-oriented goals. Rather, in many instances, local actors were in conflict with each other, not only over what the role of the PIC in the locality should be, but also over the PIC's autonomy from the rest of the CETA system. In fact, Ripley et al. have found that: "In about two of every five cases in which a PIC has been formed there is observable tension over the role of the PIC in relation to the CETA staff and over its degree of autonomy—in these cases CETA staff leaders and PIC leaders have goals that conflict at least partially" (Ripley, et al. Ohio State University Study, October 1979, p. 4).

The conflict that has occurred between local actors over the PIC's role and its autonomy is an important area of investigation for the purposes of this research. It is important in the sense that the conflict that has arisen over these issues is inherently political in nature, dealing with such controversial aspects of urban government as power (in terms of decision-making) and control (in terms of authority to spend public monies). In another respect, the conflict that has arisen over these process-oriented goals is interesting for another reasons as well. This has to do with the necessary conditions for the successful implementation of public policy. While much has been written of late on the importance of having clear statutory goals as a prerequisite for successful implementation (see
for instance Sabatier and Mazmanian, 1979), little has been documented on the importance of reaching agreement between actors over local non-statutory goals. The case analyses presented in this dissertation will examine these non-statutory goals, and explore their significance in determining the success of the local PSIP program.

The government manpower programs mentioned above allow one to examine how effectively business and government can work together to solve a common problem - unemployment among the economically disadvantaged. The PSIP program in particular, offers a unique opportunity to examine some critical assumptions about private sector participation in government manpower programs. The essential task of this dissertation is to explore the public/private sector partnership as structured under Title VII, and examine its effectiveness and utility, as well as the ramifications this type of partnership can have on the urban policy-making system.
Chapter 2

AN OVERVIEW OF MANPOWER PROGRAMS AND A RESEARCH STRATEGY

Introduction

Chapter 2 examines the reasons why governments choose to invest in manpower training programs. It explores the emergence of manpower programs in the U.S., as well as the ways in which those manpower programs have been reformed over the past two decades. The concept of New Federalism and its impact on manpower programs is also explored. A research strategy which focuses on conflict within the Private Sector Initiative Program is presented along with a discussion of the prime sponsorships chosen for inclusion and their salient characteristics. Hypotheses that will later be explored in this research conclude the chapter.

Government Investment in Human Capital

In fiscal year 1980, the federal government invested approximately $31 billion in education and manpower programs. An important question to ask is why government has chosen to invest such large sums of money into these type
of programs? Certainly, one rationale behind these expendi­
titures is that through such activities as education and
manpower training, the standard of living and productive
capacities of individuals can be greatly enhanced. Indeed,
economists have developed a theory of human capital which
argues that expenditures on such activities as education
and manpower training can have a positive effect on one’s
personal productivity.

Human capital has been defined as the productive
capacities that human beings possess. Thus, an individual's
human capital can be defined as that person's capacity to
produce goods and services. It is therefore derived out of
a combination of an individual's productive skills, talents,
and knowledge. For instance, an individual who is enrolled
in an on-the-job training program can be seen as making an
investment in human capital, in the sense that the training
he/she is undergoing will ultimately affect the individual's
capacity to produce goods and services. Investments in
human capital do not have to take the form of education or
manpower training, but may include a diverse group of
activities such as expenditures on information, health, and
labor mobility, all of which are capable of enhancing the
productive capacity of a worker.

Human capital theorists have enumerated a number of
social and economic reasons why government should invest in
human capital. One reason that has been put-forth by a number of economists is that human capital has some of the characteristics of a pure public good. As Lester Thurow points out:

Some of the benefits from education and training have the same public good characteristics as national defense. An educated citizenry may be of great value to a democracy if all are provided with an equal opportunity to derive private benefits from the human capital which they possess. Political decisions may be of better quality if each individual has enough human capital to make enlightened decisions. Social stability and well-being may require a good education system to eliminate extreme differences in wealth and standards of living. No individual, however, can be excluded from the benefits of a well educated and contented citizenry. If they exist for one citizen, they exist for all citizens. Therefore, such benefits are not included in the benefits that any single individual considers when making human investment decisions. They are public goods. Preferences for them will not be revealed in the market place. Consequently, they cannot be sold in the market. Therefore purely private investment decisions will consistently result in under-investment in human capital (Thurow, 1970, p. 104).

It is the belief of these human capital theorists, that because market mechanisms have failed to yield the proper amount of investment in human capital, investment decisions then become the responsibility of the government.

An additional reason for government investments in human capital concerns the desired income distribution that the nation as a whole should seek to achieve. As Thurow
points out: "If the distribution of human capital produces an undesirable income distribution, society may wish to take systematic steps to offset the results of the private market. The biases of the market are offset by systematic efforts of the government" (Thurow, p. 105). Yet clearly, there are other methods in altering society's distribution of income besides investing in human capital. For example, direct transfer payments to individuals could conceivably achieve the same results. However, one thing that must be taken into consideration here is the relative cost of each method. Thurow argues that human capital investment may be the preferred method because in the long-run it may turn out to be the cheapest. As he notes:

The net present value of the costs of investing in human capital may be less than the net present value of the transfer payments necessary to accomplish the same change in the income distribution. Investment in human capital need only be made once to alter the income distribution in future years, while transfer payments must be made each year to alter the income distribution. In addition, investment in human capital leads to economic growth and the expansion of output. Some or all of the costs of the investment might be recouped from economic growth (Thurow, p. 105).

However, there are other factors besides economic ones that the government can take into consideration in deciding whether to invest in human capital or choose some other method. For instance, even if an investment in human
capital was shown to be more expensive than direct transfer payment, there may be some noneconomic factors that could be gained from such an investment. An example of this would be where a unemployed individual enrolls in a government funded manpower training program. At the end of such training, the individual is able to find employment. Not only has there been a resulting change in the income distribution, but in addition, by moving into the ranks of the employed, the worker may have gained a sense of self-confidence or self-assurance. While a direct transfer payment could have achieved the same change in the income distribution, it might not have had the additional noneconomic effects of changing the individuals self-confidence or self-assurance. As Thurow points out:

When the value of self-produced consumption goods (including self-respect) and complementary consumption goods received in the process of working are included, a poor financial investment may be a good social investment. Since society has preferences about the distribution of all consumption privileges, not just monetary ones, non-monetary returns are of direct interest to government investment programs (Thurow, p. 105).

A third reason why governments may decide to invest in human capital is that society may consider human capital investment to be a merit want, that is, a want that is considered so meritorious that its satisfaction is provided for through the public budget, over and above what is
provided for through the private market. Merit wants can include such things as subsidized low-cost housing, free education, furnished school luncheons, and skills training. By the government investing in merit wants, Thurow believes that:

Society or governments are in effect placing themselves in the role of 'in loco parentis.' Society believes that the benefits (public or private) associated with merit wants are so important that it is justified in interfering with private preferences. Government investment in undertaken to insure that each individual possesses some minimum quantity of merit want goods (Thurow, p. 106).

In summary, there are a number of social and economic reasons why governments choose to invest in human capital: (1) because human capital has some of the characteristics of a pure public good; (2) out of societal preferences concerning the desired income distribution; and (3) because society may view human capital as a merit want. This list is by no means exhaustive of the reasons that governments choose to make investments in human capital. Indeed, governments invest in human capital out of a mix of social, economic, and political reasons. While the social and economic reasons for investing in human capital outlined above are important ones, a government's motivation actually to make human capital investments, and the strength of the commitment to that investment, are often times based on political considerations. The next section of this chapter
will not only present a review of the investments in human capital that the government has made in the manpower area, but in doing so, will seek to outline some of the political motivations for funding these type of training programs.

The Emergence of Manpower Programs

The federal governments involvement in manpower programs dates back to 1917, when under the Smith-Hughes Act, the first federal-state vocational education program was funded. Yet, it was not until the 1930's that the government became actively involved in manpower affairs. In reaction to the depressed state of the economy, and the massive unemployment which ensued, the government initiated the Civilian Conservation Corps (1933), the Federal Emergency Relief Administration (1933), the Civil Works Administration (1933), the Public Works Administration (1933), the Emergency Work Relief Program (1934), the Work Progress Administration (1935), and the National Youth Administration (1935). (For an in-depth discussion of these early programs see Kesselman, 1977; Clague and Kramer, 1976.)

The dual goals of these programs were to provide employment and income to millions of unemployed, while at the same time, building public facilities with otherwise
unutilized labor. These programs were viewed as emergency measures, and consequently were very short-term in nature. Most lasted a little over a year, with only the Work Progress Administration existing for a considerable length of time (1935-1943).

The next major forerunner of present manpower policy did not come until after World War II. The Servicemen's Readjustment Act of 1944, popularly known as the G.I. Bill of Rights, sought to help workers adapt to a changing employment environment by providing these individual with both education and skill development. The measurable increase in U.S. industrialization that took place during the war years would have a significant effect on the structure of the labor market. Magnum has outlined six fundamental social and economic changes which resulted from this period of heavy industrialization that would later have a major effect on the direction U.S. manpower policy would take: (1) the speed-up of rural to urban and then to suburban migration; (2) an overall faster pace of technological change; (3) a rising labor force participation rate for women; (4) the increased sophistication of military technology that ultimately made new demands on the structure and preparation of the labor force; (5) the postwar baby boom; and (6) the World War II G.I. Bill, which led employers to expect an educated labor force (Mangum, 1976).
The effects of these social and economic factors were not clearly seen until the late 1950's when the recession of 1957-58 brought unemployment to its highest levels since the 1930's (Manpower Report of the President, 1964, p. 3).

Between 1946-1961, there was very little activity on the part of the government in manpower affairs. The reason for this was not due to a loss of interest on the part of the government, but rather as Mangum points out, due to a loss of consensus. "Each brief recession demonstrated a continuing under current of concern, but too few lives were touched to transform concern into action" (Mangum, 1969, p. 24). However, when the incompleteness of the recovery from the 1957-58 recession became apparent (unemployment reached 6.7 percent in 1960), demands for more aggressive employment policy were made. The country's unemployment problem quickly became a campaign issue in the election of 1960. In addition, congressional leaders reacted to the growing concern over unemployment by appointing in 1959, a Senate Special Committee on Unemployment, which was to investigate and hold hearings on this problem. The Senate committee ultimately concluded from its nine volumes of testimony, that unemployment in the U.S. was indeed a "serious and continuing problem" (U.S., Congress, Senate, Special Committee on Unemployment Problems. Report No. 1206, p. 121). The Committee found that the
unemployment problem was due primarily to two factors: (1) the dislocations caused by automation and technological change; and (2) the growing number of youths who were entering the labor market. They concluded that not only was this unemployment costly in the loss of potential production, but also in the fact that it could have a resulting effect on the nation's standing in world affairs.

To combat this unemployment problem, the Senate committee made a number of important recommendations that would set the manpower policy agenda for the next several years. The committee recommended that an area redevelopment program be enacted, as well as a nationwide vocational training program that would both better prepare young people to enter the labor market, and assist older workers whose skills have become unmarketable. As a result of their study on unemployment, the Senate committee concluded their report by stating that the government did in fact have an important and necessary role to play in manpower affairs. As they noted:

The Federal government should maintain a continuing concern for the Nation's overall manpower resources, requirements, and utilization, including the problem of unemployment. Both the legislative and executive branches should be concerned with prospective manpower dislocations resulting from automation and technological change and with the manpower needs which must be determined as a basis for training and counseling programs (Senate Report No. 1206, p. 121).
Manpower Programs in the Sixties

The Senate committee's findings set the stage for the passage of the Area Redevelopment Act (1961), and the Manpower Development and Training Act (1962). The major thrust of the Area Redevelopment Act (ARA) was towards stimulating economic growth as a means of generating employment in redeveloped areas. In addition, it provided for occupational training projects for workers in these depressed areas. Workers were given subsistence allowances to support themselves and their families during the training period (Manpower Report of the President, 1969, p. 3).

The foundation for manpower programs in the U.S. was firmly established with the passage of the Manpower Development and Training Act (MDTA). The Department of Labor was given the chief responsibility to administer the program and was charged with promoting and encouraging 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, to equip the Nation's workers with the new and improved skills that are or will be required (Journal of the Senate, March 8, 1962, p. 134).

The MDTA program was implemented primarily through two agencies - the public schools and the public employment service. The Employment Service (ES) was given the
responsibility of identifying eligible individuals, and occupations where there was a lack of skilled workers. The ES would then request the public schools to provide skill training classes in those particular areas. While undergoing training, workers would receive a stipend that would pay them close to the equivalent they would have received under employment compensation. While MDTA first began with a budget of under $100 million, with the support of a bipartisan coalition, its budget as well as the scope of its activities quickly grew. By 1973, its last year in existence, MDTA expenditures totaled approximately $817 million. In addition, authorized training duration had been lengthened, basic education and communication skills were endorsed, youth were given a larger share of the training resources and emphasis, stipends were increased, and prerelease training for prisoners was allowed (Mangum and Walsh, 1973, p. 9).

Although the assumption behind MDTA was that automation had resulted in the displacement of many skilled workers, it became quickly evident soon after MDTA's passage that planners and the Special Committee on Unemployment has misread the evidence. Automation had not thrown skilled workers out of work, rather, planners discovered that those who made up the ranks of the unemployed were those who were badly educated and untrained (see Ginzberg, 1978, p. 31).
In 1964, the Johnson administration as part of their "War on Poverty" pushed for an even more active manpower policy. The Johnson administration was committed to experimenting with fresh approaches towards manpower, as well as creating new institutions to coordinate various manpower activities. The administration held three fundamental goals for these programs: (1) to develop the abilities of U.S. workers; (2) to create jobs to make the most of those abilities; and (3) to match people whose skills have been developed to the jobs that had been created (Manpower Report of the President, 1964, p. xiii).

The most important manpower legislation that was enacted during the War on Poverty was the Economic Opportunity Act (EOA) of 1964. The Act contained a broad statement of policy, which noted that despite the appearance of widespread prosperity within the nation, poverty continued to exist on a far to large scale. It stated that the policy of the U.S. should therefore be "to eliminate the paradox of poverty in the midst of plenty...by opening to everyone the opportunity for education and training, the opportunity to live in decency and dignity" (Congressional Quarterly Weekly Report, No. 12, March 20, 1964, p. 555). The two central manpower programs that were created under the Act were the Job Corps Program, which provided youths with intensive vocational training and work experience in
residential and rural conservation centers, and the Neighborhood Youth Corps Program, which offered youths part-time employment and remedial education. Other programs that were eventually developed under EOA that included a manpower component were: the Community Action Program, Operation Mainstream, Adult Basic Education, and the Work Experience and Training Program.

In 1968, the government developed the NAB-JOBS program which as mentioned earlier, sought to involve employers in manpower affairs. The NAB-JOBS program was largely in reaction to the social upheaval the country was experiencing. As Peter Kobrak has pointed out,

From the White House viewpoint, the NAB-JOBS program was a sound political response to the riots in Detroit, Newark, and other cities during the preceding summers. It would marshal private sector resources that might partially offset the scarcity of public sector resources, would not antagonize other segments of the Johnson coalition as earlier poverty and civil rights programs had, and would manifest to the rioters the President's concern (Kobrak, 1973, p. 41).

In order to attain the active cooperation of businesses, President Johnson established the National Alliance of Businessmen (NAB). NAB was given the responsibility for encouraging employers to pledge jobs for the program, and was set-up on a regional and city basis. The last program that was to come out of the sixties was the New Careers Program enacted in 1969. This program was developed to
prepare disadvantaged adults for paraprofessional jobs in critically undermanned public and nonprofit fields. Under this program, the participant was offered a combination of both classroom training and on-the-job training to better prepare him/her for the labor market.

What is clear from the above discussion is that federal manpower policy during the 1960's came about in a fragmented and piecemeal fashion. Manpower program were placed under the guidance of a variety of different governmental agencies, with each agency involved drawing its authority from a different legislative act. This piecemeal approach was largely a function of the divergent needs of the individual groups these programs were set-up to serve. As Clague and Kramer note:

New types of manpower programs were formulated to meet divergent needs and to help alleviate the special employment problems of the various groups, such as youths, the elderly, migrants, blacks, etc. Each of these programs was intended to assist a different target group; each also specified different objectives, had different approaches for solving problems, and emphasized different elements of the total package (Clague and Kramer, p. 31).

While manpower planners initially felt that fragmentation was due to interorganizational rivalry, it soon became clear that the fragmentation that existed within the manpower system was not simply due to interorganizational rivalry, but rather was in part due to the very nature of
how policies are formulated and sustained in a pluralistic political system. As Davidson explains: "As each new pressing need is identified and publicized, a remedy or palliative is fashioned in the form of a governmental program. Thus governmental involvement tends to be a mosaic of single-purpose efforts, with inevitable discord" (Davidson, 1972, p. 7).

Indeed, by the end of the sixties, there were more than 17 separate manpower programs, each with its own legislative and organizational base, funding source, and rules and regulations. It has been estimated that this manpower system eventually yielded 10,000 or more specific manpower projects that frequently overlapped and ended up competing for the same clientele and resources (Mirengoff and Rindler, 1976, p. 2).

Movement Towards Manpower Reform

The need for increased coordination in the manpower system was recognized by planners in the mid-sixties, although very little was eventually accomplished toward this end. As early as 1964, the Senate Subcommittee on Employment and Manpower recommended that the Secretary of Labor should "grasp the nettle of leadership even more firmly than in the past, both within his own Department and in coordinating manpower policy formulation and program
administration throughout the federal government. Other departments should recognize this (Title I) mandate" (U.S., Congress, Senate, Committee on Labor and Public Welfare, Subcommittee on Employment and Manpower, Toward Full Employment, Proposals for a Comprehensive Employment and Manpower Policy in the United States, 88th Congress, 2d Session, 1964, pp. 42-43).

Quickly following the publication of this report, the President's Committee on Manpower (PCOM) was established, and began to examine the need for coordination of manpower efforts, particularly at the local level. In 1965, the commission decided to send federal representatives to thirty cities to explore their problems, and try to coordinate their local manpower efforts more efficiently. To nobody's surprise, the teams found that there was an urgent need for increased local coordination of activities. As Ruttenberg and Gutchess note, the teams found that

In each major metropolitan area there were fifteen and thirty separate manpower programs administered by public and private agencies, all supported by federal funds. Prospective clients were badly confused, and serious gaps emerged when the programs, which should have been complementary, were developed separately (Ruttenberg and Gutchess, 1970, p. 31).

The findings of these teams led to the development of the Concentrated Employment Program (CEP) in 1967. The ultimate goal of this program was to eliminate overlapping
lines of authority, duplication of effort, and competition over clientele and resources. In addition, CEP sought to involve the local business community to a greater extent in manpower affairs. Local private employers under the program were to take part in the development of more targeted training programs for the disadvantaged. It was felt that with increased business involvement and a new emphasis on coordination, CEP would bring an end to the inefficiencies that had resulted from the previous fragmented manpower delivery system.

In theory, the program was to bring together a complete range of manpower programs and services under the authority of a single prime sponsor which was usually the local Community Action Agency. The prime sponsor would be in charge of developing and supervising subcontracts with other agencies administering various manpower components. Unfortunately, this attempt at coordination, and involving the business community only met with limited success. First, CEP was not very successful at enlisting the support of the local business community. It was later theorized that the lack of business participation in this program was because the financial incentives that were offered to businesses as an inducement for participating were simply not large enough (Clague and Kramer, p. 32). Secondly, it was found that this new administrative arrangement did nothing
to reduce the conflict between rival agencies, and in fact, made the manpower system even more administratively complex than before CEP was instituted (Davidson, p. 6; Clague and Kramer, p. 33).

Another attempt at manpower coordination was the Cooperative Area Manpower Planning System (CAMPS), launched in March 1967. The major purpose of CAMPS was to link together intergovernmental manpower planning and resource allocations. Under the CAMPS system, local, state, and regional coordinating committees were set-up, with the state committee serving as the link between the local and federal level. Local communities were responsible for assessing the manpower needs of the area, balancing those needs against available resources, and then determining priorities for the allocation of resources. The area plan would then be sent to the state committee, which assembled all the local plans into an over-all state-wide plan. This in turn was sent to the regional committee for final approval (see Ruttenberg and Gutches, pp. 46-53 for more detail on the development of the CAMPS system). The CAMPS effort at coordination and decentralization met with a number of difficulties. Chief among these difficulties were problems of conflict between the governor and officials of larger cities, poor quality plans, vague policy statements, inadequate data, insufficient program
evaluation, and limited participation by client representa-
tives (Advisory Committee on Intergovernmental Relations,
June 1977, p. 6). In addition, in many instances what was
supposed to be a comprehensive planning document shaped to
local needs, turned out to be nothing more than individual
agency plans that had been stapled together (Mangum, 1976,
p. 74; Davidson, p. 7).

It is clear from the above discussion that manpower
reforms of the late sixties were not very successful in
achieving their goals of increased coordination and decen-
tralization. Yet the problems the manpower system was
facing, were problems that were being faced in other area
of governmental activity as well. In the health field for
example, it was estimated by the Comptroller General of
the U.S., that there were no less than 230 overlapping
sources of funds for the same or closely related purposes
(Staats, 1975, p. 57). A number of government decision-
makers felt that much of this duplication was due to the
large number of categorical grants that had emanated from
Washington over the past few years. As Charles Haar has
pointed out in his discussion of categorical grants: "Pro-
grams were project-centered, operating in isolation, and
disregarding their linkages with other projects or with the
performance end being sought. Operating through separate
delivery channels and focusing on separate goals, programs
did not - and probably could not - make the necessary coordinated impact at the point of delivery. Inherent in a multiplicity of narrowly defined grant-in-aid programs are the problems that flow from contradictory legislative mandates, which at times read as if Congress were some enormous schizophrenic personality unaware of what it had said elsewhere" (Haar, 1975, p. 29).

The Nixon Administration in 1969 moved quickly to find alternatives to the categorical grant system. Nixon's essential criticism of the programs and system of funding of the sixties was that there was too much dispersal of responsibility and authority, leaving it unclear who was to be held accountable for government functions (Nathan, 1975, pp. 13-24). The New Federalism policy that Nixon instituted called for an administratively decentralized and programmatically decategorized system. Under this system, it was hoped that there would be a reverse flow of power away from the federal government and towards the states and localities.

**New Federalism and Manpower Programs**

After much debate and political compromise, the Comprehensive Employment and Training Act (CETA) was passed and became effective July 1974. The Act maintained three primary goals: (1) to provide improved service to low-
income individuals; (2) decategorize previous grant-in-aid programs; and (3) to provide for program decentralization. As Section 2 of the Act states:

It is the purpose of this Act to provide job training and employment opportunities for economically disadvantaged, unemployed, and underemployed persons, and to assure that training and other services lead to maximum employment opportunities and enhance self-sufficiency by establishing a flexible and decentralized system of Federal, State, and local programs (U.S. Statutes At Large Vol: 87, p. 839).

While the Act embodies the New Federalism notion of decentralization and decategorization, some of the elements of a categorical program were maintained. While seventeen existing categorical manpower programs were consolidated into Title I of CETA, three of the other titles in the Act authorized categorical programs to serve the needs of particular clientele groups. Title II established a public employment program for the structurally unemployed in areas of substantial unemployment; Title III authorized the Secretary of Labor to furnish manpower services in addition to those provided for under Title I and II to special target groups, such as, Indians, migrant and seasonal farm workers, youth, offenders, and other groups with special problems; and Title IV established the continuation of the Job Corps for disadvantaged youths.
In addition to not achieving total decategorization, the Act also only achieves partial decentralization. While CETA does give prime sponsors flexibility in how these funds may be used, the Secretary of Labor plays a major role within each title in determining how the grants in fact will be used. For instance, in Title I of CETA, the Secretary reviews prime sponsor comprehensive manpower plans to determine whether to the maximum extent feasible, manpower services will be provided "to those most in need of them" and that the "need for continued funding of programs of demonstrated effectiveness is taken into account in serving such groups and persons" (U.S. Statues At Large, Vol: 87, pp. 843-844). The Secretary was given the authority to either revoke the prime sponsors plan or withhold payment if the above language was not carried out to DOL's satisfaction. In addition, the Secretary was given the authority to distribute one-fifth of the appropriations for Title I at his discretion. Thus, at the federal level, governmental officials still maintained a significant level of control over CETA.

In addition, to counteract the power that decentralization gave to local officials, a provision was inserted into CETA that allowed for the establishment of manpower planning councils who were to advise prime sponsors on program plans, goals, policies and procedures. In
addition, they were to help monitor activities and provide for objective evaluations of programs (see Manpower Report of the President, 1974, p. 40). Membership on the council was open to: representatives of client groups, community-based organizations, the employment service, education and training agencies, and business and labor. As Mirengoff and Rindler point out, the intent behind putting these diverse groups and organizations on the same council was to "include those who delivered manpower services, those who received them, and others who might be directly affected by their quality and substance" (Mirengoff and Rindler, p. 55).

The concern that is evident behind the establishment of these manpower planning councils is that under decentralization, state and local political cultures would become the context-setting environment in which employment and training expenditure decisions would be made. Many liberals and minority groups worried that such a system "put the allocation decision at the local level where the conservative, anti-public sector, pro-status groups know they have the greatest say" (National Journal Reports, Vol. 4, p. 1923). Indeed, Michael Reagan has suggested that the central defect of the revenue sharing concept is that it would
return power to state-local officials for whom racial discrimination is still a wholly acceptable premise of public policy. Even with national anti-discrimination statues... could we really feel sure that the values of the national consensus favoring racial equality would prevail over the biased local majorities in the expenditure of federal funds when there no longer would be administrative contact by a national agency supervising the use of the funds in each area, as is presently part of the grant-in-aid system? (Reagan, 1972, p. 127).

Changes in CETA

Since its passage in 1974, CETA has undergone a number of substantial changes. In 1974, congressional leaders saw CETA as a ready vehicle for fighting the increased unemployment that had resulted from the recession of that year. They therefore added Title VI to CETA, which authorized $2.5 billion for public service jobs. Title VI unlike Title II which also authorizes public service employment (PSE) represents a countercyclical attack on unemployment rather than a structural one. Thus, whereas Title II was a program that was designed towards fighting structural unemployment, Title VI was countercyclical in nature in that it was concerned with providing as quickly as possible, the greatest number of jobs to individuals through easily expandable (and contractable) public projects.

There are thus two basic goals towards which PSE can be oriented: (1) to enhance the employability and job
skills of those who face structural barriers in the labor market; and (2) to act as a countercyclical measure for expanding employment opportunities for the cyclically unemployed. However, the structural aspects of PSE programs can sometimes be overshadowed by the countercyclical nature of these programs. As Mirengoff et al., explain:

[I]n periods of low unemployment, the focus of manpower programs tends to be on structural problems of the labor force, and public service jobs programs have a minor role in manpower policy. At the trough of the business cycle, PSE becomes a significant part of the countercyclical strategy and tends to overshadow the structural aspects of employment and training programs (Mirengoff, et al., 1976, p. 1).

Table 3 shows the amount of funds that have been or will be obligated under Title II and VI for the years 1975-1982. It is clear from this table, that the emphasis of PSE during the seventies was towards countercyclical unemployment rather than structural unemployment. This is shown by Title VI making up a larger percentage of the total CETA authorization than has Title II. It is also evident from this table, that the emphasis on PSE had come to represent a dominant element of the nation's manpower policy. While the percentage of all CETA funds that are devoted to PSE varies between years, hitting a peak of 68% in 1977, the average amount of CETA funds that are oriented towards PSE is still relatively high, with an average of
### Table 3
Total Funds Obligated Under Titles II and VI Between 1975-1981 (amounts in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Title II/IID</th>
<th>Title VI</th>
<th>Total CETA</th>
<th>% of II to total CETA</th>
<th>% of VI to total CETA</th>
<th>Total all PSE funds</th>
<th>% of PSE of CETA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>668</td>
<td>872</td>
<td>3,967</td>
<td>17%</td>
<td>22%</td>
<td>1,540</td>
<td>39%</td>
</tr>
<tr>
<td>1976</td>
<td>665</td>
<td>1,624</td>
<td>4,771</td>
<td>14%</td>
<td>34%</td>
<td>2,289</td>
<td>48%</td>
</tr>
<tr>
<td>1977</td>
<td>1,293</td>
<td>6,002</td>
<td>10,755</td>
<td>12%</td>
<td>56%</td>
<td>7,295</td>
<td>68%</td>
</tr>
<tr>
<td>1978</td>
<td>347</td>
<td>1,861</td>
<td>5,934</td>
<td>6%</td>
<td>31%</td>
<td>2,208</td>
<td>37%</td>
</tr>
<tr>
<td>1979</td>
<td>1,942</td>
<td>3,317</td>
<td>10,128</td>
<td>19%</td>
<td>33%</td>
<td>5,259</td>
<td>52%</td>
</tr>
<tr>
<td>1980</td>
<td>1,900</td>
<td>1,796</td>
<td>8,862</td>
<td>21%</td>
<td>20%</td>
<td>3,696</td>
<td>41%</td>
</tr>
<tr>
<td>1981</td>
<td>2,143</td>
<td>947</td>
<td>8,374</td>
<td>26%</td>
<td>12%</td>
<td>3,117</td>
<td>38%</td>
</tr>
</tbody>
</table>

Table 4

Distribution of Participants in CETA Titles I, II, and VI - 1975-1979 (in thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>Classroom training enrollment</th>
<th>On-the-job training enrollment</th>
<th>Public service employment enrollment</th>
<th>Work experience enrollment</th>
<th>Total enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>298 (20%)</td>
<td>76 (5%)</td>
<td>361 (23%)</td>
<td>610 (48%)</td>
<td>1,510</td>
</tr>
<tr>
<td>1976</td>
<td>522 (21%)</td>
<td>146 (6%)</td>
<td>722 (29%)</td>
<td>838 (33%)</td>
<td>2,482</td>
</tr>
<tr>
<td>1977</td>
<td>540 (23%)</td>
<td>173 (7%)</td>
<td>923 (39%)</td>
<td>588 (25%)</td>
<td>2,361</td>
</tr>
<tr>
<td>1978</td>
<td>586 (23%)</td>
<td>195 (8%)</td>
<td>1,199 (46%)</td>
<td>491 (19%)</td>
<td>2,558</td>
</tr>
<tr>
<td>1979</td>
<td>595 (24%)</td>
<td>167 (7%)</td>
<td>1,206 (49%)</td>
<td>413 (17%)</td>
<td>2,445</td>
</tr>
</tbody>
</table>

Notes: All years do not add up to 100% due to the existence of other activities.

46% of all CETA funds going towards these type of programs.

The fact that such a large percentage of the total CETA authorization was devoted towards PSE, led many politicians and various groups to claim that there was a "severe imbalance" between public service jobs and skills training under CETA. As Table 4 illustrates, the percentage of individuals who were holding public service jobs under CETA rose from 23% of all CETA enrollees in 1975, to 49% of all CETA enrollees in 1979. While one might argue whether this trend toward increased PSE represents a "severe imbalance," it is quite clear that PSE had indeed become a fundamental and integral part of CETA. These developments led to increasing concern that the PSE programs under CETA were not adequately serving the needs of the disadvantaged and that far too little was being done to provide skilled training and other needed assistance to those who suffer from long-term structural unemployment.

To counteract this trend, it was felt that there needed to be an increased emphasis placed on private sector placements. A study conducted by the Committee For Economic Development which examined U.S. manpower policy, concluded that since four out of every five jobs in the U.S. economy were located in the private sector, far more emphasis was needed in involving the private sector--both profit and nonprofit--in efforts to provide training and
jobs for the hard-to-employ (Committee For Economic Develo- 
ment, 1978).

This new movement towards increasing the role of the 
private sector in employment and training programs gained 
further attention when President Carter announced in the 
1978 Economic Report of the President that the country 
"should rely principally on the private sector to lead the 
economic expansion and to create new jobs for a growing 
labor force" (Congressional Quarterly, 1979, p. 17-E). As 
Carter pointed out, the rationale behind this new policy 
direction was that:

Five out of every six jobs in the economy 
are created in the private sector. There 
are good reasons for continuing to rely 
mainly on the private sector in the years 
ahead. By emphasizing the creation of pri-
ivate jobs, our resources will be used more 
efficiently, our future capacity to produce 
will expand more rapidly, and the standard 
of living for our people will rise faster. 
Reliance upon the private sector does not 
mean neglecting the tasks that government 
can and must perform. The federal govern-
ment can be an active partner to help 
achieve progress toward meeting national 
needs and, through competent management, 
still absorb a declining portion of the 
nation's output (Congressional Quarterly, 
1979, 17-E).

Both the STIP and PSIP programs represent this new effort 
on the part of the Carter administration to shift from an 
emphas on public sector jobs, towards an increased empha- 
sis on private sector placements.
As was seen in Chapter 1, the PSIP program in particular, represents an innovative attempt at increasing business participation and activity in employment and training programs. However, it is unclear whether such a partnership between the public and private sectors is a workable one. It is the contention of this dissertation that such a partnership as structured under Title VII is not a workable one, and that there will be an enormous amount of conflict that will erupt between the two sectors that will impede the progress and implementation of the program. The following sections of this chapter will present a research strategy and hypotheses that will aid in the exploration of this public/private partnership and the types of conflict that have subsequently occurred under this program.

Research Strategy

The data base for this dissertation has been gathered from primarily two sources: (1) a series of in-depth interviews with local actors in three prime sponsorships; and (2) data that has been collected on the implementation of the PSIP program over a two and a half year period in 25 prime sponsorships as part of a national study conducted by the Ohio State University Mershon CETA project for the U.S. Department of Labor. The data that have been
gathered from the in-depth interviews in the three prime sponsorships have been integrated with data that has been collected in these same three prime sponsorships for over a 2½ year period. Therefore, the data base for the case studies of the PSIP program are quite thorough, not only in the sense of tracing the development of the program in these three sites, but also in the sense that the data base will include a number of diverse and important variables. Interviews were conducted on a wide range of local manpower actors, including such individuals as: PIC members, prime sponsor staff, PIC staff members, members of the manpower planning council, elected officials and their aides, and members of community-based-organizations.

The three prime sponsorships this dissertation will examine are: Louisville/Jefferson County, Kentucky; Memphis/Shelby County, Tennessee, and Houston, Texas. Table 5 provides population figures and labor force information on the three prime sponsorships. It is important to note that these three prime sponsorships were not randomly chosen. Rather, these sites have been specifically chosen for investigation because they all represent prime sponsorships where the PSIP program has been characterized both by conflict and hostility between the local actors who are charged with the responsibility for the program's implementation. In addition, these three sites have shown a
### Table 5

Characteristics of the Three Study Prime Sponsorships

<table>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>White</td>
<td>Black</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Louisville/ Jefferson Co.</td>
<td>887,000</td>
<td>10,239</td>
<td>6,338</td>
<td>8.6%</td>
<td>27.4%</td>
</tr>
<tr>
<td>Memphis/ Shelby Co.</td>
<td>889,000</td>
<td>10,400</td>
<td>4,876</td>
<td>16.8%</td>
<td>39.0%</td>
</tr>
<tr>
<td>Houston</td>
<td>2,595,000</td>
<td>11,235</td>
<td>6,210</td>
<td>9.8%</td>
<td>26.8%</td>
</tr>
</tbody>
</table>

definite lack of progress in getting the PSIP program running successfully or effectively. Indeed, in a recent Ohio State University study of PSIP that included these same three prime sponsorships, in terms of PIC health and level of institutional development, the Houston PSIP program was characterized as middling, while the Louisville and Memphis programs were described as being weak (Ripley, et al., 1981).

One question that must be addressed here is whether the three cases that have been chosen for analysis are representative of what is occurring on a national scale. That is, is the phenomenon that is occurring in these three sites (conflict and hostility with a resulting lack of program progress) also occurring in a number of other prime sponsorships. Two studies that have examined the implementation of the PSIP program in a number of prime sponsorships have found that there are a number of program sites where conflict between local actors in the program has either blocked PIC development or forced changes in the direction of the program. Indeed, in a recent Ohio State University report on the progress of the PSIP program, it was found that out of 25 sites, only seven could be categorized as having a PIC-CETA staff relationship that were unequivocally cooperative and productive. In the remaining 18 sites, tension and a lack of cooperation among
local actors was found to exist (Ohio State University Report Number 6, May 1981, pp. 52-53; for a similar finding see Public/Private Ventures Third Year Interim Report on The Private Sector Initiative Program, May 1981).

This research will utilize the comparative case study method. It is particularly useful here in that it allows the investigator to examine a large number of variables in considerable detail while restricting attention to a limited number of cases. In many respects, the comparative case study method is similar to the statistical method. The crucial difference between the two is that the number of cases that are used under the comparative case study method is too small to allow systematic control by means of partial correlations. As Arend Lijphard notes:

The comparative method should be resorted to when the number of cases available for analysis is so small that cross-tabulating them further in order to establish credible controls is not feasible. There is...no clear dividing line between the statistical and comparative methods; the difference depends entirely on the number of cases (Lijphard, 1971, p. 682).

One of the advantages of the comparative case study method is that it permits the investigator to focus on a variety of actors, relationships, and specific incidences and activities that could be possibly losted with the use of quantitative indicators. The case study method allows the investigator to capture the richness of a number of
process variables which may be otherwise lossed. As Van Horn notes about the benefits of the case study method:

Comparative case studies can be both systematic and rigorous; they can bring both quantitative and qualitative data to the task of identifying relevant variables and 'testing' hypothesized relationships among those variables. Most important they can be guided by a well-developed structure or framework that facilitates both the analysis of individual cases and the comparison of a limited number of cases (Van Horn, 1976, p. 62).

A number of interesting questions arise out of comparing these three cases. One of the more central questions that presents itself is how the level of conflict in each of these sites has affected Title VII implementation. That is, once conflict has occurred, how is this conflict subsequently dealt with, and what are the eventual impacts that this conflict will have? Other important questions that emerge are: (1) Over what specific issues has conflict arisen, and how is this conflict resolved?; (2) What factors will cause elected officials and aides to intervene in the operation of the PSIP program?; (3) In what sense has there been philosophical conflict between local actors involved in Title VII implementation?; (4) In what sense has there been organizational conflict between local actors involved in Title VII implementation; (5) In what sense has there been political conflict between local actors involved in Title VII implementation?; (6) Has the types of conflict
that has occurred under Title VII been of a functional or dysfunctional nature?; and (7) What meaning does this type of conflict and resolution of conflict have for the urban policy-making system? These and other important questions will be addressed later in the dissertation.

In this analysis, judgments about the existence and impact of organizational, philosophical, and political conflict were based upon in-depth interviews with a variety of local PSIP actors over a 2½ year period. These interviews were conducted as part of the Ohio State University study of the implementation of Title VII. Because the Ohio State data is of such central importance to the analysis conducted in this dissertation, a brief description of their research methodology follows.

Ohio State collected data on the implementation of Title VII in 25 sites. These discussions numbered between 10 and 15 per site in each of the seven waves of field work, and were supplemented by phone discussions conducted between field visits. Ohio State also made use of a variety of documents generated by the National Office of the Employment and Training Administration, such as field memoranda.

In evaluating PSIP, Ohio State relied heavily upon the judgments of experienced staff and local Title VII actors in determining the performance and impact of the
program; a strategy which they believe was valid. As they note:

In our reports we often rely on the judgments of staff about how to classify individual sites on a variety of nominal measures of the local program and its context. We think this reliance on the judgment of trained and experienced observers who have engaged in intensive field work is quite valid for this kind of field work.... This project was not intended to produce an impact study. Nor was it intended to be primarily a quantitative or statistical study. However, we have asked questions about impacts, because they are important questions and our observations and our data allow us to reach some tentative conclusions about some of the early aspects of impact. We are convinced that local perceptions of impact are also important. Such perceptions cannot be taken as statistically valid, but local professionals dealing with a number of programs often have a good sense of the general impacts of the program they know well. And such perceptions generate local attitudes that are important in the implementation choices made about programs (Ohio State University, Final Report, November 1981, p. 3).

In this analysis, Ohio State data were supplemented with data collected by this researcher through the use of a separate field instrument in three prime sponsorships. These data make up the bulk of the case analyses presented in Chapter 5. This field instrument (see Appendix B) sought to acquire more comprehensive data on the determinants and impacts of programmatic conflict that had occurred throughout the 2½ years of the program's implementation.
Programmatic conflict is a very difficult concept to operationalize and measure. In many ways, it is as elusive a concept to measure as "political power". This research seeks to measure conflict by using both the judgments of local Title VII actors as well as the judgments of the Ohio State researchers. However, it should be noted that not all of the conflict mentioned by local actors were included in this analysis. Rather, programmatic conflict was only included when there was a strong consensus among a diverse number of local actors that a particular issue had resulted in a conflictual situation. Because of this condition, this analysis necessarily looks at the major conflicts that took place between various local actors and organizations. Minor conflicts, such as a personality clash between two local PSIP actors, that were not mentioned by a variety of informed actors, were normally not included in this analysis, unless there was overwhelming local evidence that this conflict had a definite impact on the performance of the program. Thus, this research by no means examines all of the programmatic conflict that occurred within the Title VII program. Indeed, one could make the argument that there were a number of programmatic conflicts occurring within the program that were operating beneath the surface of the program and thus were not readily apparent to outside observers or to
many of the participants themselves. In summary then, this analysis does not claim to measure all the programmatic conflict that existed under the Title VII program. However, it does seek to examine some of the major instances of programmatic conflict that took place, as well as the perceived local impacts of that conflict, and the methods employed to bring that conflict to an end.

Hypotheses

The purpose of this dissertation is to explore a number of hypotheses concerning the Title VII program in three prime sponsorships. One of the central hypotheses to be explored is: If political conflict occurs under Title VII, then it will have a negative impact on the program's eventual performance. There are numerous reasons to suspect that political conflict will occur under the Title VII program. First, manpower decision-making is embedded within the local political arena. The fact that political officials and political considerations play a fundamental role in manpower decision-making has been well established. Indeed, given the decentralized nature of the CETA system, it is hardly surprising that local political officials have become involved in the dispersing of these federal dollars. It was the very intent of President Nixon and members of Congress that under the CETA decentralized
system, the responsibility for manpower programs in a locality would rest with the chief elected official in that area. As Mirengoff and Rindler have rightly noted, one of the consequences of decentralization has been to "subject manpower programs to the indigenous political process."

As researchers have turned to studying funding and decision-making pattern within the CETA program, a substantial body of evidence has been found to support the contention that elected officials have increasingly become involved in manpower decision-making. As Ripley et al., found in their examination of the implementation of CETA in Ohio:

Political officials (including elected officials and nonelected executives such as city managers) have considerable influence on some Title I decisions especially choices about program mix and the selection of service deliverers.... The evidence suggests that the political officials in the state are substantially more involved in manpower decision-making under CETA than before CETA. They now spend much more of their time on manpower issues, since the large increase in PSE funds. Decisions about the allocation of dollars seem to be their primary concern (Ripley, 1977, p. 6 & p. 10; see also Mirengoff and Rindler, 1978, p. 51 for similar finding).

However, it is not necessarily the case that all political officials will be equally interested or involved in manpower programs. Indeed, as Baumer has found in his
examination of the implementation of public service employment in five U.S. cities, under some circumstances political officials make a conscious effort not to become involved in CETA decision-making. As Baumer notes:

Elected officials were directly involved in deciding important matters of PSE policy in two of the five sites studied. In the other three sites they were basically content to have local staff members keep them informed on important decisions, except for isolated cases where they participate more directly (Baumer, 1977, p. 299).

Given Baumer's finding, it becomes unclear whether political officials when presented with a conflictual manpower situation will seek to intervene or withdraw from that situation. It is not unusual for political officials to intervene in the implementation of programs when conflict occurs. Indeed, Mirengoff and Rindler have found that while most elected officials prefer to maintain a low profile, at various critical periods their involvement and influence in the program becomes quite visible (see Mirengoff and Rindler, 1978, p. 51).

There is also a growing body of evidence in the manpower field that shows that when political officials do choose to intervene, they do have considerable influence over how and on whom these monies are spent. As Ripley and Baumer found in their examination of public service employment:
The role of the elected official in CETA decision-making is often a critical factor in determining the level of service to the most disadvantaged. This seems to be related to their perception that relatively less disadvantaged people represent a more reliable source of potential political support than the severely disadvantaged (Ripley and Baumer, 1977, p. 282).

This finding is supported by Baumer's analysis of PSE decision-making in five cities. As he states: "In those cases where the political official were directly involved, their primary motivation was not in carrying out the goals of the program. Their interest seemed to lie in the possibility of using PSE to produce more tangible political payoffs" (Baumer, p. 212).

Further evidence of the type of impact political officials can have in CETA decision-making has been found by Baumer, Van Horn, and Marvel in their examination of benefit distributions under CETA programs. They found that in general "low enrollment of poor people was associated with highly involved political officials who generally had low commitments to serving the economically disadvantaged through Public Service Employment" (Baumer, Van Horn, Marvel, 1979, p. 180).

The PSIP program, however, unlike PSE where the political "payoff" to the elected official is quite clear in certain circumstances (see Snedeker and Snedeker, 1978, pp. 241-44), does not carry with it such clear cut
political payoffs for the elected official. While there may be indirect political payoffs to the elected official from the PSIP program in the sense of reducing the overall unemployment rate in the locality, or through improving relations with the private sector in the area, it is not clear whether these indirect benefits are large enough to prompt the elected official to become involved in the program. Preliminary evidence from the Ripley et al., study of the implementation of Title VII in 25 prime sponsorships indicates that the level of participation of political officials in PSIP is indeed quite low. The influence of political officials was characterized as being high in three sites (12%), medium in nine sites (36%), and low in 13 sites (52%). It is hypothesized here, however, that if political conflict occurs under Title VII, then not only will local elected officials intervene in PSIP decision-making, but this intervention will only serve to politicize the conflict even further.

Community-based-organizations (hereafter referred to as CBO) can politicize the manpower decision-making process even further. Through their position on the manpower planning council, and through their political resources in the locality, CBO's have often times had considerable influence in CETA decision-making. As a number of studies have found, the selection of service deliverers is a decision
that is not always based on performance, but rather is one that is often times based on political considerations (see Mirengoff and Rindler, 1976; Mirengoff, 1976; Mirengoff and Rindler, 1978; Ripley et al., 1977; Bailis, 1979). In a recent study on the role of CBO's under CETA, researchers found numerous examples where the prime sponsor wished to defund or reduce the funding of CBO's whose competence were in question, but who were overruled by local elected officials. As Bailis, et al., found:

Given the difficulties in documenting that a given CBO is performing effectively or ineffectively, the fact that the CBO is seen as "representing" a portion of the minority or disadvantaged community has been an important argument to many elected officials. In such instances, elected officials have often placed the burden of proof on the Prime Sponsor staff to demonstrate ineffectiveness rather than upon the CBO to demonstrate its continued effectiveness (Bailis, et al., p. 91).

Similarly, while good relations with elected officials can give a CBO an advantage in receiving federal dollars, poor relations with elected officials can lead to a CBO either having its manpower funds substantially cut or even eliminated (see Bailis et al., 1979; Mirengoff and Rindler, 1978).

With the creation of the Private Industry Council under Title VII, a number of interesting questions arise concerning what this move towards privatization means for
CBO's both in terms of their place in the employment and training hierarchy and their role in the urban policy-making system as well. Indeed, when the PSIP program was first announced, it drew vigorous opposition from CBO's and local CETA bureaucrats, both of whom felt threatened by this newly created council. As the National Journal reported: "They [CBO's and CETA bureaucrats] had a common and understandable fear: that the new councils would invade their turf and put them out of business" (National Journal, 1979, p. 1612).

There are a few other reasons to speculate that political conflict would arise between CBO's and the PIC's. First, while CBO's have representation on the manpower planning council, this organization does not have nearly the same powers, responsibilities, or importance in terms of decision-making as does the PIC. While CBO's are represented on the PIC, they are far out numbered by members of the private sector. Thus, they have little control (at least in theory) over how Title VII dollars in the locality will be allocated. As CBO's push for more involvement in Title VII decision-making it may ultimately lead to power struggles between CBO's and the PIC, with the end result being intense political conflict between the two. A second reason why one might expect political conflict to emerge between CBO's and PIC's is that the Title VII legislation
encourages PIC's to fund service deliverers who are new to employment and training programs. This legislative mandate puts the PIC's and CBO's in a potentially conflictual situation, since in many cases, CBO's are the traditional or old line employment and training service deliverer in a prime sponsorship. To rectify the fact that they are not being sought out by the PIC as a service deliverer, CBO's might use whatever local political influence they have to help acquire Title VII funding.

Organizational Conflict

An additional hypothesis that will be explored in this dissertation is: If organizational conflict occurs between actors involved in the implementation of Title VII, then it will have a negative impact on the program's eventual performance. Before examining why one might expect organizational conflict to occur under the PSIP program, it is first wise to define what is meant by that term. There have been a number of researchers who have sought to define the term organizational conflict. Lewis Coser has described this sort of conflict as being a "struggle over values and claims to scarce status, power, and resources in which the aims of the opponents are to neutralize, injure, or eliminate their rivals" (Coser, 1956, p. 15). Therefore, for Coser, organizational
conflict may arise either by chance, or by another actor purposely planning for such conflict to occur. In contrast to Coser's definition, Schmidt and Kochan view organizational conflict as not just simply occurring, but rather being consciously planned for. Therefore, they have defined organizational conflict as the "...overt behavior arising out of a process in which one unit seeks the advancement of its relationship with the others. The advancement must result from determined action, not fortuitous circumstances" (Schmidt and Kochan, 1972, p. 32). This second definition is more useful for purposes of this research in that here we are not interested in looking at all of the conflict that might arise between local actors. Rather, what is of utmost importance here, is the conflict that exists between organizations that has arisen as a by-product of the PSIP program. In particular, what is of interest here, is the conflict that has been caused deliberately or consciously by a group or groups of actors to forestall another organization from achieving its goals.

There are a few reasons to expect that organizational conflict will occur under the Title VII program. First, in creating PIC's Title VII may have set-up a situation where these newly created councils may be viewed as competitors for scarce resources by other local manpower agencies. Indeed, Downs has found in his examination of
bureaucracies that bureaus are constantly entering into struggles to defend or extend the borders of its various territorial zones. As Downs notes in the case of a newly created bureau:

> If the new bureau has strong functional rivals, or it is designed to regulate or inhibit the activities of powerful social agents, then it will be severely opposed from the start. These antagonists often seek to capture the new bureau's functions themselves, or suppress them altogether. Hence they try to block it from establishing a strong external power base (Downs, 1967, p. 10).

Since in many respects the PIC can be viewed as a functional rival of the prime sponsor, one might expect the prime sponsor to react towards the PIC in a negative manner, and thus seek to maintain control over it.

Downs further maintains that in order for a newly created organization to maintain its autonomy it must have a strong clientele with power in the local political system. As he notes:

> The single most important determinant of whether a bureau can establish autonomy (and how fast it can do so) is the character of its power setting. If its suppliers or beneficiaries are strong and well organized in comparison with its rivals and sufferers, then it will probably quickly gain a clearly autonomous position (Down, p. 10).

Thus, a further hypothesis to be explored here is: If a PIC is located in a prime sponsorship where there is a weak CETA system coupled with strong business participation,
then it will have a greater chance of gaining and successfully maintaining its autonomy from the prime sponsor than PICs located in areas that have a strong CETA system coupled with weak business participation.

Another reason to suspect that organizational conflict will exist under the Title VII program is due to the ambiguity of the PIC's role and powers. Indeed, even before the Employment and Training Administration (ETA) issued its final rules and regulations for Title VII, there had been extensive comment and disagreement by various interest groups and organizations over what the eventual role and powers of the PIC should be. As the ETA pointed out in the supplementary information section of the final rules and regulations for Title VII:

Many of the commenters contended that the proposed regulations granted undue authority to the PIC, thereby impinging on the authority of the prime sponsor. Some commenters were also concerned about potential problems if the PIC actually operates programs. Comments from the business sector, however, suggested that the regulations should explicitly define a stronger role for the PIC (Employment and Training Administration, 1979, p. 19994).

It is clear from this statement that there existed a fairly wide gap between how various actors and organizations viewed the PIC and its functions. It was the hope of the Department of Labor that these differences over the PIC's role could be worked out at the local level. The following
statement by ETA exemplifies this belief:

The Department believes that prime sponsors and the business community should work together to jointly achieve the goals of Title VII. The regulations have been clarified to emphasize that the PIC and the prime sponsor should mutually determine program content, and to more clearly delineate the authority of the PIC within the context of the prime sponsor's overall program responsibility. Moreover, since most of the provisions in the regulations regarding the role of the PIC are generally suggestive rather than prescriptive, there is substantial flexibility for each prime sponsor and PIC to develop a role that is appropriate to local circumstances. Prime sponsors and PIC's must both agree to a PIC's assumption of any program operation functions, and any problems that arise with respect to the role of the PIC should be resolved locally, by the prime sponsor and the PIC (ETA, 1979, p. 1999).

Unfortunately, these problems over the role of the PIC have not been easily resolved locally. In reaction to the problems and confusion this matter has caused on the local level, Congress has recently sought to clearly delineate the role of the PIC from the federal level. The House Committee on Education and Labor noted in their 1980 report on amending and extending Title VII that it was their intention that PIC's be "independent" from the prime sponsor. As the Committee states:

It was the intent of this committee for Private Industry Councils to operate as independent entities which implement changes in the CETA system to assure that the private sector's training and employment needs are addressed by CETA programs.
The Committee does not perceive PICs as advisory bodies to CETA, but rather as equal partners with CETA prime sponsors, which exercise considerable influence in developing ways in which CETA can prepare people for full-time unsubsidized employment (House Committee on Education and Labor, 1980, p. 2).

This language still does not clearly define what the PIC's roles and powers should be in relation to the role and authority of the prime sponsor. For instance, what is meant by the term "independent entities", or "equal partners" or even "considerable influence"? Does this mean that the PIC can act without regard to what the prime sponsor says? Does this give the PIC final authority in certain matters over the prime sponsor? Since these and other issues have not been clearly defined by the legislation, it sets-up a situation whereby organizational conflict between local actors may become the rule rather than the exception.

**Philosophical Conflict**

A final hypothesis that this dissertation will explore is: If philosophical conflict occurs under Title VII, then it will have a negative impact on the program's eventual performance. The central reason to suspect that philosophical conflict will occur under PSIP is that while PSIP attempts a partnership between the public and private
sectors, this does not guarantee that the two sectors will hold the same or similar philosophies concerning how manpower programs should be run, or the types of clients that should be served. While both sectors may hold the same or similar goals for the program, they may hold vastly different ideas on the way these goals should be achieved. It is out of these differences, that one can expect philosophical conflict to arise and impede the implementation of the program.

There are potentially a number of areas over which the public and private sectors may have substantial philosophical differences. For instance, there may be philosophical differences between the two sectors over: (1) the role that manpower programs should play in a locality; (2) how much of a role the private sector should play in these programs; (3) the types of training that should be provided, and the clients who should be served by these manpower programs; (4) the type of service deliverers (public, private, nonprofit) that can provide the best training for participants; and (5) the rate at which federal funds should be allocated.

In summary, a number of hypotheses will be explored in this dissertation: (1) If political conflict occurs under Title VII, then it will have a negative impact on the programs eventual performance; (2) If political conflict
occurs under Title VII, then not only will local elected
officials or their aides intervene in PSIP decision-making,
but this intervention will only serve to politicize the
conflict in the program even further; (3) If a PIC is
located in a prime sponsorship where there is a weak CETA
system coupled with strong business participation, then it
will have a greater chance of gaining and successfully
maintaining its autonomy from the prime sponsor than PICs
located in areas that have a strong CETA system coupled
with weak business participation; (4) If organizational
conflict occurs between actors involved in the implementa-
tion of Title VII, then it will have a negative impact on
the programs eventual performance; (5) If philosophical
conflict occurs under Title VII, then it will have a
negative impact on the programs eventual performance.
Chapter 3

THE FORMULATION AND IMPLEMENTATION OF
PUBLIC-PRIVATE MANPOWER PROGRAMS

Introduction

In this chapter the formulation, legitimation, and implementation of the Private Sector Initiative Program will be explored. The formulation and legitimation stages of the policy-making process are important ones, but are of particular importance for purposes of this research, since a great deal of the conflict that has occurred between Title VII actors has had its origins in these early stages. The implementation of the Title VII program after two years of operation will be briefly examined to see what factors have played a critical role in either facilitating or impeding program performance. The chapter concludes with an examination of the performance of public-private manpower programs that pre-dated PSIP. Parallels are then drawn between the performance of Title VII and the performance of these earlier programs.
The Formulation and Legitimation of Title VII

The PSIP program was first announced to the nation on January 19, 1978, in President Carter’s State of the Union address. In his address, Carter discussed the future direction of U.S. employment and training policy. His theme was clear—a new effort must be put forth to redirect manpower policy away from the public sector and towards involving the private sector in the training of the economically disadvantaged. While Carter called for a continuation of the Public Service Employment Programs in his address, he continued to emphasize the fact that more jobs had to be made available to those who have remained chronically unemployed through expansion in the private sector and not through direct governmental means.

Two days after his State of the Union address, the President outlined in his economic message to Congress the theoretical reasoning behind his new program for increasing business participation in the employment and training area. As Carter noted:

We should rely principally on the private sector to lead the economic expansion and to create new jobs for a growing labor force. Five out of every six new jobs in the economy are created in the private sector. There are good reasons for continuing to rely mainly on the private sector in the years ahead. By emphasizing the creation of private jobs, our resources will be used more efficiently, our future
capacity to produce will expand more rapidly, and the standard of living for our people will rise faster. Reliance upon the private sector does not mean neglecting the tasks that government can and must perform. The Federal Government can be an active partner to help achieve progress toward meeting national needs and, through competent management, still absorb a declining portion of the nation's output. Government programs can provide valuable assistance to the unemployed. In the end, however, we must turn to the private sector for the bulk of the permanent job opportunities for the disadvantaged. It is in private industry that most productive jobs with opportunity for advancement are found. For this reason, I am requesting $400 million in my 1979 budget to begin a major new initiative for private sector hiring of the disadvantaged. Details of this proposal will be submitted to the Congress shortly. I am requesting the fullest cooperation of the business community in this initiative and have been assured by business leaders that it will be forthcoming (Congressional Quarterly, 1979, p. 17-E).

The central significance of this statement is not simply that the President was announcing plans for a new federal social program, but rather, that this new program represented a reorientation of employment and training policy from a past reliance on the public sector to a reliance on the private sector. While it is true that the funds for the new private sector initiative only represented approximately 5% of the total CETA appropriation, it was nonetheless felt that this title would have important carry-over effects on the rest of the CETA system, and would in-turn make CETA more private sector oriented.
as well. As Assistant Secretary of Labor Ernest Green stated in his testimony in support of Title VII before Congress:

The major goal of our employment and training effort is to create permanent skills and placement. Since the private sector is where these permanent opportunities must come, we believe that the private sector should be involved in the process at an early stage. Previous efforts to involve the private sector have not always been successful. After discussion with business and industry, however, we believe that this new $400 million program can successfully involve local industry with local prime sponsors in creating effective linkages between CETA and the private sector. Through these means we hope to be able to make permanent placements of the economically disadvantaged in private sector jobs. I should make it clear that this is not exclusively a youth program. Nor is it separate from the rest of CETA; this new title is intended to change the direction of the employment and training system to the private sector (Green, p. 184. emphasis added).

Thus, despite the low levels of funding given to Title VII, the Administration had high hopes that PSIP would turn the rest of the CETA system around by giving it a more favorable public image.

Yet, how did this idea for a "reorientation" of employment and training policy come about? Where was the initial idea and conception for a private sector initiative developed? When one examines these questions, it becomes clear that the PSIP program grew out of a number of varied sources. One of the initial sources for a private sector
oriented training program came from a bill introduced in the Senate by Senators Jacob Javits and Hubert Humphrey in 1977. The bill, known as the Comprehensive Youth Employment Act of 1977, sought to establish a program of youth opportunities in private enterprise to prepare and place up to one-half million youths in productive employment in the private sector. As Senator Javits stated:

I believe this program will be one of the pillars of our youth employment initiative. We must remember that five out of every six jobs in the United States are located in the private sector of our economy. If unemployed youths are to obtain nonsubsidized full-time employment as adults, they should have some experience in the private sector and should be provided with the skills required for gainful employment with private enterprises (Congressional Record, January 11, 1977, Vol. 123, p. 4).

This bill called for the establishment of "education-work committees" under CETA that would be composed of representatives from the prime sponsor, local education agencies, labor organizations, the U.S. Employment Service, and local employers. These committees would be given the authority to approve or disapprove agreements between local education agencies and prime sponsors. In addition, these committees would be given the responsibility of enlisting the participation of the "broader community" in improving the youth transition from school to work. However, the Comprehensive Youth Employment Act of 1977 did
not get very far after it was sent to the Senate Committee on Labor and Public Welfare. This bill not only failed to get reported out of committee, but many of the innovative features of the bill, such as the education-work committee, and the emphasis on private sector placements, were for the most part pushed aside and forgotten by committee members who were centrally concerned at that time with developing a nationwide youth community service program. Despite the failure of this bill, strong bipartisan support remained in Congress for involving the private sector in manpower programs beyond the realm of OJT.

A second major push for a manpower program that would be geared towards the needs of the private sector was made by the Committee for Economic Development (CED), which had issued a number of policy statements calling for a redirection of manpower programs from the public to the private sector. In 1978, CED published a policy statement entitled Jobs for the Hard-to-Employ: New Directions for a Public-Private Partnership which argued for the direct involvement of the private sector in the manpower decision-making process. To accomplish this goal, CED recommended that a number of measures be implemented. First, that there be a new and expanded use on a nationwide basis of private sector programs that have proven to work effectively. Secondly, that there be stronger organizational mechanisms to
mobilize private sector involvement such as: direct government manpower contracts with private nonprofit organizations created by consortia of business firms, job corporations that would provide training and jobs for the hardest to employ, and other types of intermediary organizations that would help business handle job development, training, and placement activities. Finally, that there be increased incentives and reduced disincentives in the private employment of the hard-to-employ (Committee for Economic Development, pp. 39-51).

Soon after CED published both its policy statement on the need for a public-private partnership, along with a series of case studies that examined individual private sector programs aimed at helping the hard-to-employ, CED's Chief Economist Frank Schiff had a number of meetings with congressional leaders, Labor Secretary Ray Marshall, and Assistant Labor Secretary for Policy, Evaluation, and Research Arnold Packer, and urged them to support a move towards increased private sector involvement. CED was also a key actor in getting such groups as the National Alliance of Businessmen, the U.S. Chamber of Commerce, and the Business Roundtable, to come out in support of a private sector initiative.

A final source of momentum for an employment and training program that would be geared towards the private
sector came from the White House. William Spring, associate director of the White House policy staff, conducted a study of expenditures for on-the-job training under CETA, and, finding them to be less than 10% of the total expenditures for every year since 1975, argued that CETA was not fulfilling its function of moving participants into the private sector. Spring, who was committed to the idea of increasing private sector involvement in CETA programs realized, however, that increasing the involvement of the business community would not be easy to achieve, and that finding a way to talk to the business community in an organized fashion would be one of the primary obstacles (Employment and Training Reporter, February 15, 1978, Vol. 9, No. 22, p. 442). While it is true that the Carter Administration had been strong advocates of using PSE to fight countercyclical unemployment, there was nonetheless strong backing and support from the highest levels of the Administration for a private sector oriented manpower program that would help to fight structural employment.

Convinced that a private sector initiative was needed to fight the structural unemployment the nation faced, the White House turned towards finding the proper vehicle that would increase the involvement of the private sector in the day-to-day decision-making apparatus of manpower programs. Eventually, the White House with the help of various
business groups, discovered the model for such a program in an already existing manpower program that was being run in Chicago on a limited scale. This program essentially was a large on-the-job training program that was being operated by the Chicago Alliance of Business-Manpower Services (CABMS). CABMS, organized in 1975, was a nonprofit intermediary between business and government. It uniquely organized, marketed, supervised, and contracted directly for on-the-job training with Chicago employers. Representatives from government, business, labor, plus client and community groups served on the Council. The Mayor's Office of Manpower (MOM) contracted directly with CABMS, which in turn solicited OJT slots from business by offering to reimburse one half the cost of trainee salaries, orientation, and counseling. This support continued until the trainees received their first pay checks.

The CABMS program was viewed as being highly successful. CABMS reduced the approval time for OJT contracts to two weeks from a previous approval time of several months, as well as raised the average wage that was being paid to trainees. In addition, cost per placement under the program was kept relatively low, with the average cost per placement for fiscal year 1977 being $2,600.

The CABMS executive director Jack Fitzpatrick (who was later to become Senior Vice President for Operations for
NAB and a central actor in the formulation and legitimation of Title VII) attributed CAMBS success to six "key" ingredients: (1) a concerned and receptive local business community; (2) a structure that gets things done in that CABMS is separate from the CETA system and is allied to business; (3) a NAB program that fostered job pledges and hires, and that had continuity in planning and operations; (4) a working board of directors with very active committees covering administration, hiring special target groups, and upgrading; (5) real government-business cooperation; and (6) a competent staff to formulate plans and carry them out (Fitzpatrick quoted in David Robison, Training and Jobs Programs In Action, 1978, p. 55).

While the CABMS program served as the fundamental model for the PSIP program, its demonstrated success, helped to legitimate the whole notion of private sector participation in manpower decision-making. The CABMS program provided policy-makers with the necessary evidence, that if the right intermediary organization was created between government and business, a partnership between the two could be successful. With the CABMS model and its proven success in hand, combined with the strong support for such a program shown by the White House and business groups, a consensus was achieved that the time was right for a new nationwide effort that would directly and
meaningfully involve the private sector in the planning and implementation stages of manpower programs.

Conflict Over Title VII Issues

While the initial stages of Title VII formulation was not marked by any major conflicts or differences of opinion between interested actors, this did not hold true for very long. The later stages of the programs formulation and legitimation was rife with conflict, and hard fought compromises. Yet, it should be recognized that the type of conflict and resolution of conflict that occurred over Title VII was not unique solely to this program. Indeed, conflict and compromise is a natural part of the formulation and legitimation stages of the policy-making process. As Ripley and Franklin have noted:

Policy formulation and legitimation activities are typically characterized by some conflict over both goals and means to attain those goals. This conflict is based on differing sets of values, interests, and beliefs on the part of different actors. The conflict is resolved or at least reduced through a series of compromises in order to allow legislation to result. Lack of compromise almost always means lack of legislation (Ripley and Franklin, 1982, p. 19).

While there was a growing consensus for a manpower program that would be oriented towards the needs of the private sector, there were still a number of groups and
organizations that maintained serious concerns and objections to numerous parts of the proposed Title VII legislation. In particular, these groups questioned the overall utility of and the role that the Private Industry Council's would play within the PSIP program. A number of organizations concerned with manpower affairs, such as the National Governors' Association, the National League of Cities, the United States Conference of Mayors, the National Association of Counties, and the Interstate Conference of Employment Security Agencies, testified before Congress that an organization such as the PIC was not really needed, that it was a duplicative effort, and that it would not prove to be a successful vehicle for enlisting increased business participation. These and other concerns are clearly evident in separate statements made before the House Subcommittee on Employment Opportunities, by Gerry Miller, Chairman of the National Job Service Improvement Program Employer Committee and by Representative Michael J. Harrington (D-Mass.):

This arrangement contemplated by the [Title VII] legislation would duplicate services which are already performed effectively by the Public Employment Services in the several states. In addition to duplicating existing services and adding to the costs borne by the public, it is believed that the arrangement proposed would be counter-productive because it would burden the private sector with multiple and even competitive approaches for the same jobs. Past nation-wide experience
has demonstrated that when confronted with multiple job development by public organizations, private employers are likely to respond to none of them. Therefore, we respectfully urge that provision for CETA prime sponsor authority and funding for job development and placement in the private sector be removed from the proposed legislation. Indeed, it should be replaced by a provision requiring CETA prime sponsors to coordinate job development and placements, including placement in private sector training programs through the public Employment Services (Gerry Miller, Testimony before the House Subcommittee on Employment Opportunities, 95th Congress, 2d. Session, p. 843).

In discussing this proposal [Title VII] with CETA administrators in my own state last week, I encountered consistent, and I believe compelling opposition to Title VII - particularly to its creation of yet another planning council. With near rebellion occurring in many local areas in response to the excessive bureaucracy and regulations of the CETA program it hardly seems advisable to add on another advisory layer to encumber the program. Moreover, the isolation of private sector involvement in one title threatens to undermine whatever cooperation business has thus far provided under existing programs under Title II and III (Rep. Michael J. Harringon, Testimony before the House Subcommittee on Employment Opportunities, 95th Congress, 2d Session, p. 1089).

Added to this concern over duplication, was the fear that eventually more and more programs and CETA funds would be added to Title VII overtime, with the end result being that the PIC would eventually become the prime sponsor. Other actors simply questioned whether PICs were the right vehicles for mobilizing private sector participation. As William Mirengoff, Study Director for the Committee on
Evaluation of Employment and Training Programs testified:

In my opinion...Title VII of the bill [CETA amendments of 1978] is a cop-out. It is an invitation to you, the Congress, to solve a problem that has the administration baffled. This Administration knows as we all know, that the ultimate answer to unemployment cannot be achieved without the help of the private sector of our economy. But the administration does not seem to have found a satisfactory way to involve the private sector. So they have given you a blank piece of paper with the title of "Private Sector Initiatives. This title has a lot of vague language about "providing assistance to prime sponsors to carry out programs designed to place the economically disadvantaged in private jobs." It refers to on-the-job training and vocational skills training and job development and a lot of other things that are already being done. But it offers nothing new. Except $400 million (William Mirengoff, testifying before the Senate Subcommittee on Employment, Poverty, and Migratory Labor of Committee on Human Resource, 95th Congress, 2d Session, p. 1062).

It is clear from the testimony that was presented before Congress, that a number of groups feared that the PICs would not only duplicate a number of the functions already carried out by the prime sponsor and its planning committee, but that out of this duplication, competition over such things as power, clients, and resources would eventually take place at the local level where programs would be administered. Indeed, the Senate Committee on Human Resources felt that the question of PIC duplication and competition was so important, that Sen. Harrison Williams Jr. Chairman of the Committee wrote a letter to
Secretary of Labor Marshall asking him to address this particular issue in his upcoming appearance before the committee.

Marshall eventually testified that there would be no competition as a result of Title VII between the prime sponsor or its planning committee and the PIC. As Marshall stated in testimony before the Committee:

It is intended that the local Private Industry Councils which will be primarily representative of local business and industry, including small business as well as labor, will complement rather than compete with the work of the local CETA planning councils. The planning councils are charged with advising the prime sponsor on all aspects of the local comprehensive program: administration, planning, evaluation. The planning councils' is primarily an advisory body, the Private Industry Council is intended to perform an operational role in creating programs, and linkages to private employees (sic) that cannot be created because of red tape, [and] institutional fears of Government programs ... This will be the primary function of the Private Industry Council. Since this function is not presently performed by the planning council to any significant extent, no competition is anticipated.... In addition, prime sponsors will be required to organize (sic) the work of the two councils in a manner designed to minimize duplication or competition in their activities (Ray Marshall, testimony before the Senate Committee on Human Resources, 95th Congress, 2d Session, p. 582).

An additional question that arose over this concern of PIC duplication and competition, was whether the PIC's power and authority should be specific in nature, or whether it should be allowed to be broad and open-ended in scope.
Business groups made their position clear: PIC authority should be broad, thereby allowing PICs to accomplish more under PSIP; and attract greater numbers of employers into the program. As Roger Curry, Executive Vice-President-Twin Cities Area, U.S. Chamber of Commerce testified:

The Council's responsibilities should be broad and not restrictively defined in legislation. There should be maximum flexibility for these councils to provide the necessary link between CETA participants and jobs in the private sector. Explicit statutory definition of council responsibilities is likely to limit the local community's ability to explore with business and union leaders various mechanisms for placing CETA clients in private sector jobs (Roger Curry, testimony before the Senate Committee on Human Resources, 95th Congress, 2d. Session, p. 886).

On the other side of this debate, public interest groups such as the National League of Cities, U.S. Conference of Mayors (USCM), Center for Community Change, and the National Association of Counties (NACo), argued that strict laws and regulations should be imposed upon the PICs authority. As the National League of Cities pointed out: "Throughout this entire [Title VII] section there seems to be an inappropriate amount of authority given to the PIC. In some cases this is in direct conflict with the law" (National League of Cities quoted in Employment and Training Reporter, February 28, 1979, Vol. 10, p. 408). Other groups charged that giving the PIC such broad authority violated all notions of sound management. They argued
that it did not make sense for the prime sponsor to be held accountable for the Title VII program while at the same time divesting it of decision-making authority.

Another major concern that became evident during the congressional hearings on Title VII was skepticism over the role the National Alliance of Business would play under the program. Some business groups felt that NAB should play a major or presumptive role in this new private sector initiative. In particular, they felt that the local NAB chapter should become the nucleus of the private industry council. As Malcolm R. Lovell Jr., President of the Rubber Manufacturers Association and Chairman of NAB testified:

Where it [NAB] is in place and has already demonstrated active business participation in training and employment programs, NAB should play a lead role in forming the Councils. The NAB metro chairman should be asked to work with the prime sponsor in forming Private Industry Councils, and existing metro organizations should receive primary consideration in forming the business core of such Councils (Malcolm R. Lovell, testifying before the Senate Committee on Human Resources, 95th Congress, 2d Session, p. 1254).

In addition to playing a lead role in the formation of the PIC, NAB also wanted to provide a number of other services under the Title VII program such as: providing assistance to the local PIC in recruiting loaned executives and staff; providing consultation and advice to the DOL's regional
offices on approval of plans and programs of the local PICs; providing training and technical assistance to the Councils and their staffs; providing national leadership in the business community; promoting business participation in the formation and funding of PICs; and establishing a credible reporting system to monitor the progress of the program, as well as a clearinghouse network to communicate information about effective programs to all PICs.

This presumptive role for NAB was opposed by a number of groups such as the National Governors' Association, the U.S. Chamber of Commerce, the Human Resource Development Institute, as well as a number of individuals within Congress and the Employment and Training Administration. Many of these groups expressed concern over NAB's less than notable performance in past employment and training programs, such as the NAB-JOBS program begun in 1968. Other actors were unsure of NAB's motives, and the overall conviction of the private sector to participate in such a program. As Governor Richard Kneip of South Dakota, Chairman of the National Governors' Association (NGA) testified:

While we (NGA) have no complaint about having a national organization of business representatives in order to provide technical assistance and performing a clearinghouse function, we are very concerned that if a national organization structure, such as the current National Alliance of Businessmen (NAB), were involved in the fund allocation on actual operation of programs, that
inequities of the past would be perpetuated. In the past, NAB's, with affiliates in only certain areas, have not had the capacity, nor the apparent willingness, to work in concert with local prime sponsors and government to increase the involvement of the private sector (Testimony of Governor Richard Kneip before the House Subcommittee On Employment Opportunities, 95th Congress, 2d. Session, p. 349).

Concerns over PIC duplication, and PIC competition, and the presumptive role of NAB were not the only issues over which there was considerable disagreement between groups involved in Title VII formulation. Issues such as the role of community-based-organizations and local education agencies under PSIP; PIC independence; PIC staffing; appointment of the PIC Chairman; and PIC accountability to the prime sponsor were all vociferously debated. Eventually, however, many of these issues were ironed out and compromises were reached. For instance, the final regulations for Title VII emphasized that the PIC and the prime sponsor should mutually determine program content. It was felt that this would reduce any possible conflict between the PIC and the prime sponsor over authority. However, while the regulations did specify that program content should be mutually determined, the prime sponsor still remained ultimately accountable for funds expended under this title. As Section 679.3-8 of the CETA regulations note: "The Department holds the prime sponsor accountable for activities
conducted and funds expended under this Part.... The PIC, in working with the prime sponsor to develop activities under this Part, must recognize the prime sponsor's ultimate liability for all of the PIC's activities" (Final Regulations for the CETA Amendments of 1978, Employment and Training Reporter, Special Supplement, April 11, 1979, Vol. 10, No. 30, p. 62).

In terms of the PICs' organizational position within the overall employment and training delivery system, the final regulations were left flexible and open-ended. The PICs' organizational position was to be determined by the prime sponsor in consultation with the PIC. While PIC activities were to be coordinated with those of the prime sponsor's planning council, the regulations clearly stated that the PIC was not subordinate in its authority to the prime sponsor's planning council.

The final major compromise that was reached was over the role NAB should play under the PSIP program. While NAB's role in the program was slightly toned down, NAB still maintained an important and influential position within Title VII. The regulations specified that in prime sponsor jurisdictions in which a NAB metro organization exists, it should be given consideration in the establishment of the PIC. While the regulations went on to note that no one organization was to be given a presumptive role
in the establishment of the PIC, it was clear that NAB would in fact play a major role in the PIC member selection process.

Despite the numerous compromises that were reached in the formulation and legitimation of Title VII, a number of organizations still maintained considerable apprehensions toward the program. Indeed, some business and labor groups that strongly supported the PSIP program during its formulation stages feared that local actors such as the CETA staff, would be out to undermine the program, and would attempt to "sabotage" the implementation and performance of the program (Smith, p. 4). It is not unusual for conflict that was experienced in the formulation and legitimation stages of the policy process to be carried over into the implementation stages. As Bardach points out:

The bargaining and maneuvering, the pulling and hauling, of the policy-adoption process carries over into the policy-implementation process. Die-hard opponents of the policy who lost out in the adoption stage seek and find means to continue this opposition when, say, administrative regulations and guidelines are being written. Many who supported the original policy proposal did so only because they expected to be able to twist it in the implementation phase to suit purposes never contemplated or desired by others who formed part of the original coalition (Bardach, 1977, p. 38).
As will be seen in later chapters, a great deal of the conflict that had occurred in the formulation and legitimation stages of the programs development was carried over into the implementation stages, and had a major negative impact on PSIP performance at the local level.

This chapter now turns toward examining the implementation of Title VII after some two years of operation. It is hoped that through this brief examination, the success of the PSIP program can be gauged, along with a determination of the various factors that have either promoted or impeded program performance.

The Implementation of Title VII

The central question to be examined in this section is: how well has the PSIP program performed after two years of operation? That is, has the program turned out to be a success, a failure, or something in between? Two major studies are helpful in answering these questions. The first study, conducted by the Ohio State University Mershon Center CETA project, evaluates the implementation of the PSIP program in 25 prime sponsorships. Ohio State has followed the progress of the PSIP program since the program first became operational, and has presently written seven status reports that follow program development over this
two year period. The finding from their sixth report (May 1981) are presented here. The second study to be utilized in this section, has been conducted by the Corporation For Public/Private Ventures (P/PV), which also examines the implementation of the PSIP program, although confines itself to seventeen study sites. P/PV has also followed the progress of the program since it first became operational, and has written three status reports. The findings from their most recent report (May 1981) are presented here.

One major difference between these two studies that should be noted by the reader, is that they use different strategies in selecting their study sites. Ohio State has sought to select a representative sample of the nation, and therefore, has selected sites that were diverse in terms of geographical spread, type of prime sponsorship (i.e., city, county, consortium), size of program, type of labor market, and the ethnic mix of local populations. While the Ohio State study seeks to be representative of the nation, the P/PV study clearly does not. P/PV sought to include in their sample, sites that were regarded as exemplary. Through discussions with NAB, HRDI, the National Association of PICs, and DOL officials, P/PV sought to "identify sites which were likely to be model programs whose inclusion in our study group would enrich our findings" (Public/Private Ventures, Third Interim
In addition, P/PV's study sample is biased towards large urban areas, with no balance-of-state or rural areas being selected for study.

Due to the different sampling strategies used in the Ohio State and P/PV studies, as well as the different performance indicators used by the two, one can expect to find differences in their respective results on the performance of Title VII. In particular, one might expect the P/PV study sites to have a better performance record than the Ohio State sites, simply because these sites have been included in the study under the assumption that they represented model programs.

In both the Ohio State and P/PV studies, researchers have attempted to measure the relative success of PSIP through the use of a number of performance indicators. In the Ohio State study, program performance is measured by using a number of indicators which they feel gives them a broad view of outcomes on participants and institutions. The seven indicators of program performance that are used in this study are: (1) the extent of ties between the PSIP program and the CETA system; (2) the extent to which PSIP has stimulated some changes in the rest of the local CETA system; (3) the extent and form of business participation in employment and training programs; (4) the quality of jobs for which PSIP training was preparing participants;
(5) the extent to which placements for PSIP graduates were being obtained in training-related fields; (6) the extent of ties between PSIP and community economic development programs; and (7) the total importance and impact of PSIP overall in each locality (Ohio State University Report #6, May 1981, pp. 38-40).

By giving equal weight to each of the seven measures where present in a locality and cumulating the score, Ohio State found that in approximately half of their sites (12), there had been nothing or very little accomplished in terms of program progress. In six sites there had been moderate program progress, and in seven sites there had been high program progress.1

Similar results are found in the P/PV study of Title VII implementation. P/PV in measuring program performance used a number of the same indicators as the Ohio State study did. The major difference between the two studies lies in P/PV's heavier reliance on quantitative measures of PIC performance such as, placement rates, trainee characteristics, Title VII's effects on client wages, and the cost of the program. From these measures of program performance, P/PV found that three of their study PICs appeared to be functioning well, one was not functioning at all, two were classified as being minimally effective, and the remaining 11 fell somewhere in between these two
extremes. P/PV concluded from these results that:

In terms of programs, participants, outcomes and institutional evolution, the study PICs have not yet moved to become distinctive entities within the overall nexus of CETA programming activity. Individual exceptions exist, and many of these included programmatic or organizational changes that exemplify the goals and purposes of the Private Sector Initiative Program. Overall, however, PSIP in the study sites thus far have proved more an extension of past CETA practices and programs than a clearly new programmatic thrust (P/PV, Third Interim Report, May 1981, p. 66).

It seems clear that in both studies, PSIP has achieved relatively little success in terms of program performance. However, as both studies caution, it may be too early in PSIP's development to expect many concrete results to occur in terms of success. As P/PV notes: "It is clearly premature to attempt any summative evaluation of Title VII or PICs, and any effort to conclude on the basis of this status report that particular PICs or Title VII have succeeded or failed is completely unwarranted" (P/PV, Third Interim Report, May 1981, p. 2).

Another indicator in addition to program performance that is useful in determining how well PSIP has operated over the last two years, is the degree to which the PIC as an entity has become a functioning and viable part of the PSIP system. The Ohio State study utilizes 10 separate indicators which they felt provided a good measurement of the health, strength, and potential of any specific PIC.
The ten indicators that they utilized are: (1) that the PIC as a body should have clear goals that are relatively specific and are widely understood and shared by members; (2) the PIC should have a staff with which it is pleased; (3) there should be a large enough activist core of the PIC to sustain decision-making in which a number of different points of view and interests are likely to receive consideration; (4) a relatively high proportion of the activist core of the PIC should be from the private sector; (5) a PIC Chairperson should be an effective leader inside the PIC; (6) a PIC Chairperson should play an important role in promoting the PSIP program to the local business community; (7) on a scale ranging from total passivity at one end to dominance at the other end in terms of input to goals, strategies, programs, and activities, healthy PICs should be somewhere well away from the totally passive end; (8) PICs should have begun to develop some sort of positive image in at least some important parts of the local business community; (9) the PIC should have had a substantial impact on the general shape of PSIP activities and programs in the community; (10) the PIC should have cooperative relations with the CETA prime sponsorship staff (Ohio State University, Report #6, May 1981, pp. 43-45).

Using these ten indicators, the Ohio State study made some dichotomous judgments about each of the indicators,
and then summed the positive judgments to arrive at a composite picture. One point was awarded if it was judged that a particular site had a positive ranking on that particular indicator. When the total points were added up for each PIC, it became possible to place PICs in various categories based upon the number of points they had achieved. Under this method, nine PICs were found to be strong in terms of PIC health, seven PICs were found to be middling, and nine PICs were found to be weak in terms of PIC health. Thus, after two years of implementation, a little over one-third of the PICs in the study sample had yet to become an integral or functioning part of the PSIP system.

P/PV again comes to a similar conclusion in terms of the extent to which PICs have become a functioning part of the PSIP system. Through their examination of business involvement with PICs, PIC leadership, the relationship between the PIC and the prime sponsor, the business role in initiating PIC programs, and the PIC role in the local employment and training context, P/PV comes to the conclusion that a number of PICs have failed to become a viable entity within the CETA system. In particular, P/PV notes that in terms of eliciting strong business participation and carving out a distinctive role for the PIC in harmonious partnership with the prime sponsor, that "if we were
to try to give PICs a scorecard in these respects at this time, the ratings, taken at face value, would probably prove somewhat disappointing for partisans of the PSIP approach" (Public/Private Ventures, Third Year Interim Report, May 1981, p. 35).

While these reports have tended to show that PSIP has achieved only marginal results in terms of PIC health and total program performance, this should not be construed to say that there have not been some bright spots within the PSIP program. On the contrary, PSIP has had some notable successes. One such success has been the finding by Ohio State that PSIP performance and PIC health have not been static, and have continually improved over the life of the program. As institution-building has taken place, PICs have become more aware of their role within the employment and training system, and have begun to accomplish some of the legislative goals of the program.

Another notable success under the PSIP program has been the fact that a number of PICs have begun to run innovative types of training programs. Both the Ohio State and P/PV studies have found some PSIP programs to be innovative in the sense that they have involved the private sector in both the design and operation of training programs, have made use of performance-based-contracting, have utilized service deliverers who were new to the employment
and training field, have funded training in occupational areas where that training had never been funded before, or have been heavily placement oriented.

An additional area where the PSIP program have proved to be successful has been in the area of client impacts. In the aggregate, PICs have been found to have a somewhat higher placement rate and somewhat greater wage gains than programs run by prime sponsors under the major CETA training title - IIB, C.

While PSIP has succeeded in these few areas, there have also been a number of areas where PSIP has proved to be particularly disappointing (aside from the relatively low levels of program performance and PIC health that have already been discussed). PSIP has proved to be disappointing in the sense that the majority of training programs under Title VII do not differ greatly from the traditional Title IIB, C and STIP training programs. Classroom training and OJT are predominantly the programs PICs have funded. In addition, a number of PICs have failed to involve the private sector in the planning and running of these programs. These PICs have chosen to rely on the more traditional types of service deliverers such as, CBO's, local education agencies, private proprietary schools, and labor unions.
PSIP has also proved to be disappointing in the sense that a number of PICs either did not spend, or did not spend wisely their employment generating service monies, which could go towards such activities as marketing and labor market information surveys. Indeed, in the Ohio State final report on the Title VII program, researchers using the multiple criteria that (1) local actors were satisfied with their employment generating expenditures; (2) the EGS expenditures appeared to have increased the visibility of PIC/PSIP; (3) EGS activities had increased business participation in general ways; and (4) EGS activities had resulted, ultimately, in an increase in jobs for CETA participants, found that only six of their 25 sites (24%) could be classified as using EGS money successfully.

In summary then, the performance of PSIP after two years of implementation is mixed. Both the Ohio State and P/PV studies have shown that in terms of program performance, PICs are arrayed along a scale ranging from high programmatic success to low programmatic success. Results of the program were also mixed in the sense that while there were a number of notable program achievements, there had also been a number of corresponding programmatic failures.
Factors That Have Affected Program Performance

While both the Ohio State and P/PV studies caution that it is too early in the development of the Title VII program to arrive at a final judgment on the success of PSIP, it is not too early to clearly delineate some of the major factors that have either promoted or impeded program performance.

Ohio State has found that the health of the PIC is a very important factor in promoting programmatic progress. Table 6 shows the relationship between PIC health and program progress in 25 prime sponsorships. As this table illustrates, while there is not a perfect relationship between the two variables, PIC's that were judged to be in strong health tended to be making high or moderate progress in the program. Likewise, those PICs that were judged to be weak in terms of health tended to be making little or no progress in the program.

In the P/PV study, researchers have found that a few key factors greatly increase the chances for PSIP success. (It should be noted that these factors are very similar to the factors that went into the Ohio State measurement of PIC health.) Four factors were outlined by P/PV: (1) that the PIC has a strong, involved board with solid business leadership; (2) that the PIC enjoys a good working partnership with, and support from, a receptive prime sponsor;
Table 6
The Relationship Between PIC Health and Program Progress
In 25 Prime Sponsorships, March 1981

<table>
<thead>
<tr>
<th>PIC Health</th>
<th>Program Progress</th>
<th>High or Moderate (N=13)</th>
<th>Little or None (N=12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong (N=9)</td>
<td></td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Middling (N=7)</td>
<td></td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Weak (N=9)</td>
<td></td>
<td>2</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Adapted from The Ohio State University, Mershon Center CETA Study, A Formative Evaluation of the Private Sector Initiative Program, Report No. 6, May 1981, p. 59.
(3) that the PIC has both identified and created a distinctive strategic role for itself in the local manpower community; and (4) that the PIC has mounted a strong programming effort (P/PV, Third Year Interim Report, May 1981, p. 69).

It is clear from both of these studies, that a number of the factors that are important to PSIP's success are really internal to the PIC. Such factors as PIC goals, PIC staff, interest of PIC members, interest and involvement of the PIC Chairperson, have all proved to be important. In addition, these studies have also shown that the nature of the relationship between the PIC and the prime sponsor (i.e., the level of support or conflict between the two) is also a key factor in explaining program performance.

Title VII Performance Relative to the Performance of Other Employment and Training Programs

While Title VII's performance to date has been less than sterling, one must ask how successful the program has been in achieving its major goals in comparison to past employment and training programs that have also sought to increase the involvement of the business community and create a partnership between the public and private sectors. This is an important and interesting comparison. It should
be remembered that Title VII is a demonstration effort; it is an experiment in trying to increase the participation of the business community, and use that participation more efficiently and effectively. Therefore, while Title VII may at first not seem to be overly successful, when viewed in comparison to other manpower programs that have maintained similar goals, this social experiment may indeed prove to be more successful than earlier thought. Yet a more compelling reason for this type of comparison is to see whether or not there are any similarities in the factors that have impeded the implementation of all of these programs. Are the factors that have impeded Title VII performance unique to that program, or can parallels be drawn between these factors and the factors that have impeded performance in other employment and training programs? Of particular interest here is seeing whether conflict between the public and private sector has occurred in these programs, and what effects it ultimately has had on program performance.

The Job Corps Program

One of the first federal manpower programs to have a major emphasis on involving the private sector was the Job Corps program of 1964, that was created under Title I of the Economic Opportunity Act (EOA). The emphasis of the
Job Corps program was to increase the employability of young men and women, aged sixteen through twenty-one, by providing them with an education, vocational training, and work experience. This education and training was provided in rural and urban residential centers. While many of these job corp centers ended up being located in rural areas, the urban centers that were setup were mostly run by the corporate giants such as Philco, IBM, Litton Industries, and other major corporations.

While approximately 110 Job Corps centers were established between 1964-1969, only 25 (23%) were run by the private sector. However, these numbers increase significantly when one examines who was running the urban Job Corps centers. Of the 28 urban centers that were running under the program as of May 1967, 21 (75%) of the centers were being run by private firms. The remaining seven urban Job Corps centers were being run by universities or non-profit organizations.

The Job Corps program, along with a number of the other programs spawned by the EOA, represented a new dimension in social policy. As Sar Levitan has noted, these programs stretched the traditional jurisdictions of public institutions:

The (EOA) programs are funded by a number of federal agencies, and are normally administered by state and local agencies, but much
of the money Congress appropriated for the first three years' programs under the Economic Opportunity Act was never entered on the ledgers of state and local government; rather it was spent by nongovernmental entities - a feature of the Act that proved controversial as well as innovative.... Private firms acted as contractors for such tasks as running Job Corps centers. Here again, traditional notions of the lines that divided public and private institutions seem outmoded (Levitan, 1969, p. 49).

The participation of the private sector in the Job Corps program was welcomed by officials in the Office of Economic Opportunity (OE0) which administered the program. OE0 officials felt that corporate involvement in the Job Corps program gave it an image of respectability and acceptance by the business community. In addition, corporate involvement was sought for many of the reasons outlined in Chapter 1, e.g., that business was better equipped for the task of running the program; that they were more efficient; and that they could provide training more effectively. As one Job Corps official stated: "On balance, private corporations have the techniques educational groups lack in tackling large organizational problems like setting up the basic structure without having to run through a faculty committee" (Arnold, 1966, p. 53).

However, these expectations for what private sector participation could achieve were not fully borne out. As Levitan, Mangum, and Marshall have pointed out: "While they
(private contractors) did prove themselves more flexible and adapt at getting facilities equipped and centers underway, they showed no greater ability or success at motivating or training youth" (Levitan, Mangum, Marshall, 1972, p. 335). Indeed, as Levitan has found, a number of these private sector firms had difficulty in effectively operating these Job Corps training programs:

Corporations, traditionally engaged in personnel training and the development of complex defense systems, were expected to have little trouble developing new approaches and techniques for educating and training the disadvantaged, but it does not appear that the corporations have lived up to these expectations. The high cost of running the centers has forced the Job Corps to cut its operating expenses and to reduce the budget for research and development in education and training. And because of such budget constraints, corporate contractors have attracted few proven top-level educators or administrators. Four of the 16 centers closed because of budget limitations were urban centers run by private corporations; this may be indicative of long-run weaknesses in corporate-managed urban centers as compared with government-operated conservation centers (Levitan, p. 280).

Not only were private contractors not overly successful in operating training programs under the Job Corps program, but the number of businesses that ultimately participated in the program was very small and skewed towards the corporate giants. Even among those few firms that eventually did take part in the program, many did so not out of a feeling of social responsibility, but rather,
out of the self-interest or profit motive (see Yette, 1975, pp. 36-42; Levitan, 1969, pp. 278-279).

What impacts did the Job Corps program have? Using a variety of economic and noneconomic measures, and basing their analyses of a number of different assumptions, researchers have sought to determine the benefits and costs of the Job Corps program (for a more detailed discussion of the impacts of the Job Corps program than is presented here, see Charles Perry, et al., 1975; Levitan, 1969; David A. Long, et al., 1981; Mathematica Policy Research, December 1978; Louis Harris and Associates, 1967). Recent studies by Long et al., and Mathematica Policy Research, have found that participants in the program were much better off as a result of the training they received. Participants who completed the program were found to show positive benefits in the form of increased investments in human capital (defined as more high school diploma's or equivalent degrees, higher attendance in college, more training, greater job mobility), reduced welfare and other transfer dependence, and reduced antisocial behavior (e.g., less abuse of drugs and alcohol and substantially fewer arrests). In addition to these benefits, program completers were also found to have increased their earnings (Mathematica, 1978; Long et al., 1981).
An interesting impact question that arises here, is whether participants who were trained in camps run by the public sector or nonprofit groups did better than those participants who underwent training in camps run by the private sector. Unfortunately, none of the above studies have done a very effective job of answering this question. The only study to examine this question in some depth was the research performed by Louis Harris and Associates. Harris examined the differences that existed between participants who were trained in urban centers (which were largely privately run) versus conservation centers (which were almost exclusively run by the public sector or nonprofit groups). Harris found that there was virtually no difference in participant impacts between urban and conservation center corpsmen (Harris, 1967). While this is far from a perfect test of whether the private sector is superior to the public sector in terms of providing job training, it does provide some evidence that there is very little difference between the two.

**NAB-JOBS Program**

Despite the relative lack of success of the Job Corps program in enlisting and utilizing the participation of the private sector, in 1968, another employment and training program was designed that relied heavily on the
participation of the business community. The Job Opportunities in the Business Sector (JOBS) program run by the newly created National Alliance of Businessmen, sought as its goal, the creation of jobs and training opportunities in the private sector for the structurally unemployed. While this goal is strikingly similar to the goals held for other employment and training programs that sought private sector involvement, there are many differences in how these programs were organized and eventually implemented that make them each unique.

The theory behind the NAB-JOBS program was that cooperating companies would first hire and then later train the hard-core unemployed. The government would reimburse the companies for whatever costs the employers incurred in providing additional training and services beyond those required by the normal, unskilled newly hired. This joint government-business effort differed from previous federal OJT programs in that it would focus solely on the disadvantaged, be targeted towards the 50 largest urban areas, and would also provide for a "full range of supportive services required to help disadvantaged workers make a satisfactory job adjustment" (Manpower Report of the President, 1969, p. 94). Intensive efforts were made under the program to give cooperating employers all possible technical assistance in developing plans and formal proposals. The costs
of counseling, transportation, health services, daycare for children, and other types of support services were provided by DOL.

NAB attempted to motivate employers to participate in the program for reasons other than profit. As Levitan, Mangum, and Taggart note:

NAB appealed directly to the employers conventional values. JOBS was not pictured as another "do-good" program or even as riot insurance. Rather, the business community would profit in a number of ways. Less unemployment would mean better, safer cities in which firms could function; it would provide ghetto residents with money which in turn generate increased consumption; welfare and kindred expenditures would decrease, thus indirectly affecting company taxes and perhaps reducing governmental involvement. In addition, the tight labor market was stressed as an incentive to enlarge the effective work force. In brief, the program constituted an appeal to businessmen to help themselves by helping others (Levitan, Mangum, Taggart, 1970, p. 20).

Initially, it looked like the NAB-JOBS program was going to meet with great success. NAB attained over 338,000 job pledges from employers during the programs first year of operation. Unfortunately, it was later discovered that a number of these job pledges were not honored by employers. As Levitan, Mangum, and Marshall point out:

Pledging employers had not been asked to specify the date of the intended hiring or the rates of pay and qualifications of
applicants. Employment service representatives discovered that some intended to fill the positions through their own recruiting efforts, or promised to do so at some time in the future. Others claimed they had already made good on their pledges but offered no evidence (Levitan, Mangum, Marshall, 1972, p. 351).

After one year of operation, less than one-third of the pledges that were made under the program actually resulted in a private sector job. In addition, while it was first thought that a number of different employers were participating in the program, proportionally speaking, relatively few firms actually participated. For instance, in one city that had a total of 7,000 employers, only 125, or less than 2% ever made pledges under the program despite the promotional work done by NAB and the local Chamber of Commerce (Levitan, Mangum, Marshall, 1972).

A number of problems affected the program's performance besides the fact that it was very easy for employers to make pledges under the program without following through on them. One of the major factors that impede the program's performance was the fact that a number of conflicts erupted between employers, labor department officials, and local actors. One such controversy was over minimum wage scales. Primarily three sets of actors were involved: employers, DOL officials, and ghetto leaders. Department of Labor officials refused to negotiate contracts for any
jobs that payed less than the federal minimum wage. Employers argued that any prevailing wage was legitimate, and that they should be allowed to hire program participants at the wage level they deemed appropriate. Finally, ghetto spokesmen argued that a job that did not offer status or upward mobility was not much better than having no job at all. This controversy raged on throughout the program and was never fully settled to the satisfaction of any of these actors.

Another major controversy that erupted under the program and consequently had effects on the program's performance, was the fact that NAB executives had become very disenchanted with public agencies. A number of NAB officials including the NAB leadership, felt that the capabilities of public agencies to perform such activities as outreach, recruiting, screening, etc., was severely limited. They felt that NAB could deliver these services more efficiently, and argued that these services be taken over. As one might expect, the public agencies who were responsible for delivering these services rejected this idea, and viewed this as a direct attack on their power and their very existence.

Studies of the NAB-JOBS program have found program performance to vary greatly from city to city. Program effectiveness was found to vary depending upon the
enthusiasm, competence, and policies of the local NAB Chairman, metro director, and staff, as well as upon labor market conditions. In addition, the program suffered from the fact that the boundaries between groups and institutions working within the program were never set. It was never entirely clear who represented whom. For instance, did militant leaders, community action agencies, or the employment service represent the disadvantaged? Due to the uncertainty here, NAB policy towards these groups varied greatly. In some areas NAB sought out stable institutions and groups to participate in the program. In other areas, these groups were ignored, with NAB deciding to "go it alone" with individual companies or consortiums (see Levitan, Manugum, Taggart, p. 33).

Yet, despite the number of problems that affected the NAB-JOBS program, several studies have reached the conclusion that the program did in fact make inroads in involving the business community in an employment and training program. As Peter Kobrak concludes after an in-depth look at the NAB-JOBS program:

NAB-JOBS did not often prevail on employers to change normal corporate work routines, but the program did extend beyond the usual number of firms that became involved in private sector efforts to meet a social problem, even if few of them thought in terms as cosmic as corporate social responsibility. The alliance also compelled the U.S. Chamber of Commerce and other nationwide business
organizations to become more involved in manpower programs, sometimes in conjunction with NAB and other times in competition. Furthermore, NAB-JOBS was directly responsible for much of the increase in the number of on-the-job training slots available through the Department of Labor. NAB often proved to be, as a federal official remarked informally, 'purely a hiring and not a training program.' But access to the jobs, where they were of sufficient quality, was ample justification - particularly for a program whose primary thrust was on jobs (Kobrak, 1973, pp. 196-197).

However, it should be noted that the success of NAB-JOBS in terms of involving private employers, and the number of participants who were enrolled in the program, was largely due to the tight labor market conditions which prevailed in the late 1960's. As a System Development Corporation study of the program in nine cities found:

The JOBS program has been operating in a period of high unemployment. Even among disadvantaged and minorities unemployment levels have been, until very recently, at unprecedented lows. So in a sense, one ingredient for the success of the JOBS program was a given: Employers needed people to fill their entry level jobs, and people were increasingly in short supply. JOBS... offered the prospect of opening up a "new" resource of manpower and many employers turned to it (System Development Corporation, 1969, p. 3).

**HIRE I and HIRE II Programs**

In 1977, another employment and training program that utilized private sector participation was developed. The
program was the Help Through Industrial Retraining Program (HIRE I), and was similar in structure to the NAB-JOBS program. HIRE I sought to provide private sector on-the-job training to unemployed Vietnam-era veterans, economically disadvantaged youth, and the long-term unemployed with incomes under $10,000. HIRE I was to be implemented through the help and support of some of the nation's largest corporations, along with the assistance of NAB which obtained pledges from private employers to participate in the program either with reimbursement of extraordinary training costs or on a voluntary basis. Priority for job openings that were developed under the HIRE program went first to disabled Vietnam-era veterans, then to Vietnam-era veterans in general, and finally, if a community did not have enough veterans to fill all its job openings, to disadvantaged jobseekers and the long-term unemployed. The initial goal of the HIRE I program was to spend $140 million for the training of 100,000 participants.

The structure of the HIRE program underwent a number of modifications. Following complaints by veterans organizations who saw the program as being ill-conceived, and only being minimally effective in helping unemployed veterans find work or training, DOL decided to make a number of changes in the program which relaxed the eligibility requirements for employers participating in either its
voluntary or reimbursable component. However, after it became clear in the Spring of 1978 that the program was not meeting its goals, DOL replaced HIRE I, with the HIRE II program. The major difference between the two programs was that CETA prime sponsors would implement HIRE II locally, and that the program would consist only of a reimbursable component.

The HIRE II program, despite its modifications, performed only slightly better than HIRE I. On the national level, HIRE II was found to have encountered serious problems in enrolling veterans, getting them through training, and placing them in unsubsidized employment (Ripley et al., July 1979, p. 18). A national study of the implementation of HIRE II conducted by the Mershon Center at the Ohio State University, found that prime sponsors encountered a number of problems in trying to administer a successful HIRE II program. The Ohio State report found the following problems to exist: high non-positive termination rates for veterans enrollees, the unavailability of veterans with the "quality" to match the slots developed, tension between the prime sponsorship and at least one of its subcontractors for the HIRE II program, administrative problems and confusion internal to the prime sponsorship, a complicated contracting process, and coordination problems with the Employment Service (Ripley et al., Final Report, July 1979,
All of these problems served to impede program progress. Administrative conflict in particular proved to be quite disruptive to program performance. While the HIRE II guidelines encouraged prime sponsors and local ES offices to establish new relationships with a variety of local groups and organizations, these relationships did not always turn out to be productive ones. Indeed, Ohio State found that there was either intense or moderate conflicts between groups involved in HIRE II implementation in 60% of the study sites. In those sites in which conflict was absent, it was found that this was because there were no new relationships generated by the program. Sources of conflict included certification procedures, levels of funding for administrative costs, participant and employer eligibility criteria, client service patterns, contract approval procedures, and other administrative aspects of HIRE II (Ripley, et al., July 1979, p. 58).

The Ohio State study also found that employer response to the program was mixed. Large employers showed virtually no interest in the program. Meanwhile, the response of small and medium businesses towards the program was found to be favorable in about one-third of the study sites, mixed in another one-third, and negative in the final one-third. Business participation was enhanced by the following factors: aggressive job marketing activities, the
provision of either a central or supportive role for a respected business group, rapid processing procedures for approvals of contracts, and relatively simply paperwork. Businesses tended not to participate due to such factors as complicated paperwork, prime sponsor slowness, and a lack of attention to marketing (Ripley et al., Final Report, July 1979, p. 43).

Despite the low levels of business participation in the program, business groups in general were found to be the best agent for developing OJT slots. Ohio State found that prime sponsorships where business groups had primary responsibility for HIRE II job development evidenced "the highest rate of planned obligations achieved, the highest percentage of indirect placements, and the highest level of service to young persons and special disabled veterans" (Ripley et al., July 1979, p. 53). This finding led Ohio State to conclude that business groups could play an important role in the training of the economically disadvantaged. As they state:

Use of local business groups that are well-motivated and well connected (and neither motivation nor connections are automatic in such groups) as deliverers seems to be having good pay-offs in a few of our sites. This suggests that prime sponsors should be urged to assess the capabilities of such groups carefully as deliverers. However, it is not reasonable to assume that more than a minority of such groups will have the needed capabilities (Ripley, et al., July 1979, p. 65).
The STIP Program

A final employment and training program that has sought to involve the private sector has been the Skill Training Improvement Program (STIP), that was part of President Carter's 1977 economic stimulus package. (It should be noted, however, that there was a STIP I and STIP II, but unlike HIRE I and HIRE II, there was no program design change. There is no difference between STIP I and STIP II in terms of the structure of the program. The I and II simply refer to two different waves of funding.) The STIP program calls for giving the business community a substantially larger role in employment and training decision-making than they have had in the past. As evaluators of the STIP program commented:

The program marks the turning point in CETA programming away from subsidized employment and toward a full partnership with the private sector, and provided an opportunity to demonstrate the feasibility of training disadvantaged individuals for better-paying skilled jobs in the private sector and giving employers 'a stake' in the process (ABT, 1979, p. 1).

The program in essence has four principle goals: (1) to provide training and jobs for the long-term unemployed, and to upgrade the skills of workers; (2) to meet the needs of the private sector for skilled workers; (3) to improve the quality of CETA training; and (4) to increase the
participation of the private sector in CETA programs.

Under STIP, private sector employers were asked to participate in a number of diverse activities such as: identifying the occupations in which training should be provided; developing the curriculums; soliciting job commitments; reviewing and monitoring programs and providing instruction, equipment, and training sites (Employment and Training Report of the President, 1978, pp. 52-53). In a number of aspects, the STIP program is different from earlier manpower programs that sought to involve the business community. Whereas under the NAB-JOBS and HIRE I and HIRE II programs employers were asked to play a role in a program whose design they had not been involved in, under STIP, employers were not presented with such a ready-made product. Instead, employers were given a decision-making role to play at various stages of the program. Employers could participate in both traditional and non-traditional ways. The traditional ways in which employers could participate were by being a manpower survey respondent, submitting a program proposal, committing to hiring trainees, providing training as a service deliverer, or by sitting on the prime sponsors advisory committee. The non-traditional way an employer could participate in the STIP program was by being a member of the STIP oversight committee. Here the private sector representative acts in an
advise and consent function in the initial choice of STIP occupations and service deliverers.

A study of STIP implementation in 15 prime sponsorships conducted by ABT Associates, found that the predominant ways in which employers were participating in STIP were by committing to hiring trainees, and by acting as service deliverers. Only a relatively few employers chose to participate in the program through the non-traditional means of sitting on a STIP oversight committee. ABT found that employer participation on these committees was low in nine sites, medium in one site, and high in four sites. One site could not be classified (ABT, September 1979, p. 63). Thus, while it seems that there has been considerable business participation in the STIP program, this participation has nonetheless been in the more traditional areas.

The degree of business involvement in the STIP program was affected by a number of factors. As the ABT study found:

Employers were faced with strong incentives and drawbacks when considering their participation in a local STIP program. The incentives included an ideal opportunity to demonstrate model corporate behavior, shape or create a local supply of labor matched to the firm's own needs, and participate with other companies, unions, or other groups in generally influencing employment and training policy and procedures such that the CETA system and the local educational system would be more responsive to private sector needs and concerns. The profit motive was not absent
either in considering training for individuals whose tuition would be guaranteed by the federal government. On the other hand, there were drawbacks: employers' attitudes toward CETA and their readiness to participate in its programs were colored by adverse national and local media coverage of the program's public service employment and other components and by the companies' own experiences with numerous local job developers who too often did not deliver what they promised—trained clients. Another federal program with a unique maze of regulations, attendant paperwork requirements, and—more importantly—potential for interference in the companies' own established procedures, was not particularly welcome (ABT, September 1979, p. 67).

While many local factors such as the reputation of the local CETA system, significantly affected the level of business participation in the program, outside factors as well substantially influenced private sector participation in the STIP program. ABT found a number of instances where national policies such as a Human Resources Development Conference, or a Community Economic Development Program, had the attendant effect of increasing the business community's local support for the STIP program.

Preliminary data on the impact of the STIP program has tended to show the program as being moderately successful. Placement rates for the program tended to be higher than those for Title I of CETA, wages tended to be higher than Title I, and dropout rates for STIP participants were found to be lower than was true for Title I. However, the
superior performance of STIP over that of Title I came at a price—money. The cost of STIP training was considerably higher (36%) than similar training being done in Title I. The high cost of STIP training reflects the extended length of training that occurs under this program, and to high program start-up costs.

In addition to the success the STIP program has had in enlisting the support of the business community, and in placing participants in training-related jobs, STIP has also had an important systemic impact. ABT has found that prime sponsors in their study sites believe that as a result of the program, their images in the local business community have greatly improved, and that employers are beginning to show interest in becoming involved in some of their other training programs (ABT, September 1979, p. 17).

Parallels Between Public-Private Manpower Programs

In attempting to summarize the above discussion, parallels will be drawn between the performance of the Job Corps, NAB-JOBS, HIRE, STIP, and the PSIP program. It is hoped that through this exercise, some general statements concerning the performance and impact of public-private manpower programs can be developed, along with an understanding of where PSIP performance stands relative to these other programs.
(1) It becomes clear after a review of the above programs that a majority of them have not been very successful in enlisting the support of the broader business community in participating in the employment and training of the economically disadvantaged. Indeed, out of the five major manpower programs that have been examined in this chapter, only one—the STIP program—has proven to be more than just marginally successful in enlisting the participation of the private sector. In addition, many of the expectations that were originally enumerated for these manpower programs concerning the benefits to be gained from private sector participation have not been fully borne out. For instance, as we have seen in the case of the Job Corps program, private sector firms that participated in the program by running urban training camps, failed to show a greater ability or success at motivating or training youth in comparison to the public sector. In the case of both the PSIP and STIP programs, despite the unique opportunity to become directly involved in some non-traditional forms of participation (i.e., a role in the development and implementation of programs), the private sector opted instead for the more traditional (and less innovative and time-consuming) forms of involvement.

(2) Conflict between the public and private sectors and/or between various groups and organizations, has
occurred in the majority of public-private manpower programs, and as a result, has played a major role in disrupting and thereby impeding program performance. It also becomes clear from this review, that conflict has stemmed not from a single source, but rather, a number of varied sources. Conflict in these programs has been caused by philosophical differences that have existed between local groups and actors, organizational disputes between established bureaucracies and newly created intermediary organizations, and political maneuvering by local groups and actors. This conflict has also varied in intensity across programs. In some programs the conflict and tension that has occurred has been easily resolved. In others, this conflict and tension has resisted solution, and as a result has existed throughout the program's implementation.

(3) Intermediary organizations and non-governmental entities that existed in such programs as Job-Corps, NAB-JOBS, CABMS, and PSIP, have achieved only limited success in promoting meaningful business involvement. Despite the fact that these intermediary organizations have chiefly consisted of private sector representatives, this has failed to guarantee that the broader business community would become centrally involved in manpower programs. Indeed, the performance of these intermediary organizations have been constrained by a number of similar internal and
external factors. Internally, these organizations and non-governmental entities have been constrained by such factors as: (1) the quality and commitment of their respective staffs; (2) the commitment of their leadership; (3) the organizations commitment to the program based on a sense of social responsibility to the disadvantaged, rather than to the self-interest or profit motive; and (4) the nature of the relationship between the intermediary organization and local manpower officials and staff.

External factors that have consistently combined to constrain the effectiveness of these intermediary organizations and non-governmental entities are: (1) the support for government social programs that is held by the local business community; (2) the reputation of the local CETA system; and (3) local labor market conditions. In addition to these factors, it is important for these intermediary organizations to set-up linkages with locally based institutions who are supportive of their efforts, rather than trying to "go it alone." As Ripley and Franklin have concluded from their comprehensive review of private sector involvement in public employment and training programs:

"Locally based mediating groups from the private sector... cannot achieve a broad range of ambitious goals all by themselves. The influence and utility of such groups is enhanced if they are linked to a broader network of
supportive institutions and actors" (Ripley and Franklin, December 1981, p. 82).

(4) When viewed in comparison to other public-private manpower programs, PSIP has proven to be slightly more effective than earlier thought. While it was found that PSIP has been constrained by a number of the same factors that have impeded earlier public-private manpower programs, its unique structure hasallowed it to achieve greater success in involving the business community in non-traditional forms of participation. In addition, PSIP has achieved greater success than these earlier manpower programs in such areas as: developing and funding innovative training; marketing the benefits of manpower programs to the business community; and creating useful linkages between the manpower system and local economic development.
It should be noted here that in the Ohio State University study, measures such as "program performance" and "PIC health" were developed in the context of the study of PSIP programs. Hence, they do not serve as absolute standards by which to judge success or health, but rather, serve as indicators of the relative success of different cases.
Chapter 4

THE DETERMINANTS AND IMPACTS OF TITLE VII
PROGRAMMATIC CONFLICT

Introduction

Within the public policy literature, many researchers, utilizing the case study method, have specified particular instances when conflict between actors within a governmental program has had a detrimental effect on the program's overall performance. However, these researchers have not given very systematic attention to the causes of conflict, or to the diverse types of impacts that this conflict can have on program performance. This chapter seeks to broaden the analysis of programmatic conflict by examining, in the aggregate, a wide range of internal and external factors that can cause conflict to develop, as well as the multiple impacts that conflict can have on program performance. This chapter begins with a discussion of the multiplicity of actors involved in Title VII's implementation, as well as their diverse interests in the program. A brief examination of the different dimensions of conflict then follows. Finally, the frequency and distribution of
conflict across sites is explored, along with an in-depth longitudinal exploration of the major determinants and impacts of Title VII conflict.

Title VII Actors and Dimensions of Conflict

The Private Sector Initiative Program set in place a system whereby a multiplicity of actors would participate in the program's implementation. Under the Title VII regulations, the prime sponsor staff is given a fundamental role to play in the implementation of the program. The prime sponsor was to: (1) make the ultimate decision regarding the membership of the PIC after soliciting and considering the recommendations of the business and industrial community; (2) determine in consultation with the PIC the organizational position that the PIC would occupy within the overall employment and training delivery system; (3) help to determine the staffing composition of the PIC; and (4) help to determine those functions that the PIC would ultimately perform.

In addition to these responsibilities, the prime sponsor was held accountable by the Department of Labor for activities and funds that were expended under Title VII. This "accountability" provision almost alone guaranteed that prime sponsors would seek to get involved in the
program in some fashion, since they would naturally want to keep, at the very least, a watchful account of how money was being spent under this Title.

Given the large mandated role for the prime sponsor, it is no surprise that they have indeed become a central and dominant actor in the implementation of Title VII. As an early evaluation of the PSIP program found:

They (CETA staff) are the individuals who know the local CETA system best and who are in an institutional position to have the first crack at making decisions, either because the decisions are within their own authority or because they presumably have access to decision-makers elsewhere, especially elected officials (Ohio State University, Report #1, p. 20).

Another central set of actors in PSIP were the members of the Private Industry Council. PIC member's role in the program was both quite broad and flexible. They could give advice on private sector training matters, provide technical assistance to employers and to the local employment and training system, and make decisions about how program funds should be allocated. PIC members were thus a critically important group in this program. Indeed, it was expected by Congress and DOL that the direction the local Title VII effort would take would be forged by these individuals. In particular, it was expected by DOL that the private sector representatives on the PIC would play a key role in helping the program achieve the national goal
of increasing private sector input into employment and training decision-making.

However, national evaluations of the Title VII program have tended to show that the interest and activity of PIC members in the program has not been overwhelming. For instance, an Ohio State evaluation of the Title VII program in 25 prime sponsorships has found that on average, only a little over half (54%) of the total PIC membership were active in the program. When one examines only the activity level of business representatives on the PIC, one finds that here again, only a little over half (53%) are truly active in the program.

A third important set of actors in Title VII was the PIC staff. There is nothing in the regulations for the program that suggests that the PIC staff would play a significant role in the decision-making and administrative areas of the program. Regulation Section 679.3-5 simply states that "The PIC shall be appropriately staffed, commensurate with its responsibilities. The staffing composition of the PIC shall be determined through mutual agreement between the PIC and the Prime Sponsor" (Federal Register, Vol. 44, No. 65, p. 20049). Generally, these guidelines were followed, with the prime sponsor being given the opportunity to comment on PIC staff selection (Ohio State University, Report #3, January 1980). In many
instances, PIC's have chosen to hire their own separate staff members, while others have chosen to utilize the already existing CETA staff. The Ohio State evaluation of PSIP found that while a number of PICs actively had taken part in the program by initiating ideas and programs, there were a minority of PICs which simply ratified the initiatives of the PIC staff with very little or no discussion of those proposals. In these instances, it was clear that the PIC was simply "rubber stamping" the work that had been done by the PIC staff. Thus, in many instances, the PIC staff had become a central actor not only in administrating the day-to-day details of the program, but in the decision-making process as well.

While the CETA staff, PIC members, and PIC staff have been the central actors in the PSIP program, other actors have also become involved. Indeed, it was the Department of Labor's hope that a large number of various groups would be utilized in implementing the Title VII program. For instance, in a handbook that was published to inform local communities about the PSIP program, DOL pointed out a number of different actors "which could help in the process of PIC establishment and which should be consulted for advice." These actors included such groups and organizations as: the National Alliance of Business Metro Organizations; Human Resources Development Institute (HRDI); Private Sector
Economic Development Councils; Employer committees under the Job Service Improvement Program (JSIP); Chamber of Commerce; local trade organizations; labor organizations; other broad-based industry groups; the State Employment Security Agency; community-based-organizations; educational institutions; economic development groups; urban or regional planning commissions and advisory bodies; veteran's groups; community work-education councils; state and local apprenticeship agencies; and the prime sponsor's planning council (Employment and Training Administration, The New Business Look in Employment and Training Programs, 1979, p. 5). As the above list illustrates, client groups were not considered to have a formal role to play in Title VII decision-making. Rather, it was felt that these groups were indirectly represented by local CBO's.

While no one PIC ever utilized all of the above groups, nonetheless, a number of different actors have been active in the PSIP program. At different points in the program's development, elected officials, local business organizations, organized labor, community-based-organizations, the Employment Service, local education agencies, and federal DOL representatives, have all become involved in the program in some form.

A few of these program participants (such as the prime sponsor and DOL federal representatives) became
involved because they possessed jurisdictional authority over important parts of the program. Other groups (like organized labor, community-based organizations, local education agencies) entered the process because they felt there was a chance that their interests might be impinged upon. Still other groups (like local business organizations and business representatives) were intentionally brought into the program by DOL to legitimate and build local support for the program. Finally, other actors (like elected officials) were drawn into the program by the level of conflict that had erupted between different groups.

Given this large number of actors and differing reasons for involvement, it comes as no surprise that these individuals and groups then held many differing perspectives towards the PSIP program. This is not to say that local actors were unable to agree on the central goals of the program. In fact, there was widespread agreement among local actors over the central goals of the program, such as increasing the involvement of the private sector in employment and training programs and increasing private sector employment opportunities for unemployed or underemployed persons who are economically disadvantaged. Research conducted by Ohio State University has found that in just over two-thirds of their study sites, there was no conflict or disagreement among the local implementers of
PSIP over these core programmatic goals (Ohio State University, Final Report, pp. 14-19).

However, given the multiplicity of participants and perspectives, it is reasonable to expect that conflicts would occur over the means to attain these core programmatic goals. The conflict that erupts over the means to carry out programmatic goals can be just as important in terms of the successful implementation of the program, as conflict that occurs over core programmatic goals. As Pressman and Wildavsky explain, one would expect more programmatic conflict to occur over the implementation means of the program than the programs end goals:

When programs are not being implemented, it is tempting to conclude that the participants disagreed about the special ends they sought rather than the ordinary means for attaining them. Thinking about means and ends in isolation, however, imposes an artificial distinction, especially when more than one program is involved. One participant's ends, such as a training facility, may be another actor's means. Once innumerable programs are in operation, the stream of transactions among people who are simultaneously involved in them may evidence neither clear beginning nor end but only an ebb and flow. As the managers of each program try to impose their preferred sequence of events on the others, their priorities for the next step, which differs for each one and cannot be equally important to all, may conflict. The means loom larger all the time because they are there to provoke quarrels, while ends are always around the corner (Pressman and Wildavsky, 1979, pp. 98-99).
Pressman and Wildavsky have found that there are numerous reasons why participants may agree with the substantive ends of a proposal and still oppose the means for effectuating it. They list such reasons as: (1) direct incompatibility with other commitments; (2) no direct incompatibility, but a preference for other programs; (3) simultaneous commitments to other projects; (4) dependence on others who lack a sense of urgency in the project; (5) differences of opinion on leadership and proper organizational roles; (6) legal and procedural differences; and (7) agreement coupled with lack of power (see Pressman and Wildavsky, 1979, pp. 99-102).

While all of these reasons are not evident in the PSIP program, some serve as excellent explanations for why conflict has occurred under this program. One such reason is that within PSIP, there has been a dependence on other actors who lacked a sense of urgency in the project. While a number of minor actors in the program such as the local chamber of commerce, H.R.D.I., and the local economic development office sometimes showed a sluggishness in terms of their participation, conflict and disagreement in the program was due to a lack of urgency on the part of the central PSIP actors. In some prime sponsorships, it was clear that the private and public sectors simply did not operate on the same sort of time schedule. While business
representatives on the PIC took a "let's go slow" attitude, the CETA staff in turn took a "hurry up and let's get the program moving" attitude. This is most clearly seen in terms of program funding decisions. PIC members in some instances felt that it should carefully examine all of the program options and service deliverers and evaluate their innovativeness and chances for success before it reached a program decision. This process, however, took a considerable amount of time. The business representatives strongly felt that they would rather return program funds to the federal treasury, than spend them foolishly on programs that had little chance for success. The CETA staff, however, working on a different time table, pushed the PIC to spend these program funds before they were lost to the federal government. CETA staff saw the economically disadvantaged in the end suffering from the lack of urgency on the part of the PIC.

While it is true that in many instances the PIC was the central actor who lacked a sense of urgency about the program, it is also true that in a number of prime sponsorships, it was the CETA staff who lacked this sense of urgency over the program. Numerous conflicts occurred between PICs and CETA staff because the PIC felt that the CETA staff was guilty of foot dragging when it came time for Title VII implementation. PICs charged that the CETA
staff were deliberately being unresponsive, uncooperative, and purposely causing delay in the program. PIC's simply could not understand why it took the CETA staff so long to get important paperwork through its bureaucracy.

An additional reason for much of the conflict that had occurred under Title VII is due to differences of opinion about leadership and proper organizational roles. Pressman and Wildavsky note: "Participants who agree about a program's goals may nevertheless disagree about which people or organizational units should be running the program" (Pressman and Wildavsky, 1979, p. 100). As noted in Chapter 2, the organizational roles under Title VII were not clearly defined. Rather the regulations sought to leave the matter of organizational roles open-ended to allow for increased local flexibility. However, this increased flexibility generated much confusion and conflict among local actors. Questions over the PIC's role vis a vis the prime sponsor, authority over policy-making, the structure of the PIC (incorporated versus nonincorporated), and accountability had caused numerous disagreements to occur between a variety of PSIP actors (see Ohio State University, Final Report, November 1981). This confusion arose because there was no clear answer to the question of "Who's in charge?" in the Title VII law or regulations. Different prime sponsors and different regions provided their own
answers to this question, and as a consequence, great local variation and conflict developed.

Finally, legal and procedural differences help explain why conflict erupted under PSIP. One example of how PIC and prime sponsor staff maintained different procedures was program decision-making. In arriving at programmatic decisions, the CETA staff first sent out requests for proposals (RFP's) to get different bids on providing a training or programmatic service. This practice is intended to provide an open competition for vendor selection and to ensure quality training at the lowest possible cost. In many instances, PICs did not feel that they had to use the RFP procedure, a procedure they felt was both time-consuming and burdensome given their meager staff resources. Some PIC members adopted the view that if an employer came to the PIC with what seemed to be a sound training program or proposal, that could be funded at a reasonable cost, then the program or proposal should be funded without going through the time-consuming RFP process.

Another major procedural difference involves client intake. Training programs cannot be effective if clients are not first enrolled into these programs, and once enrolled, stay for the required period of training. Thus, the "quality" of trainees in these programs becomes very important, since the quality of trainees can dictate how
successful a training program will become (i.e., how many program trainees find unsubsidized employment).

Since the prime sponsor usually had a client and intake assessment unit already in existence a number of PICs simply turned to this unit for its clients. However, there were a number of procedural differences in handling these clients between the CETA staff and the PIC that ultimately led to friction between these two actors. Many PICs did not simply accept all of the clients that were sent to it by the client intake unit. The PIC staff felt that a number of these clients simply lacked the basic qualifications to be enrolled into their training programs. In contrast, the CETA staff felt that these clients were qualified, and that the PIC was simply engaging in a practice known as "creaming", that is, taking the best of the clients in an effort to ensure that their programs would be successful. In other cases, however, PICs charged that it was the prime sponsor who was engaging in creaming, and would thus only send PICs the most unqualified of trainees.

These procedural differences over client intake, eventually led some PICs to develop their own client intake and assessment units so that they could be free from the CETA bureaucracy. In other cases, PICs continued to rely on CETA intake, but would not hesitate to cancel entire training programs if they felt there were not enough qualified
individuals to enroll into these programs.

The list of reasons why participants may agree with the substantive ends of a proposal and still oppose the means for effectuating it given by Pressman and Wildavsky are useful ones because they help to categorize programmatic conflict that can occur during a program's implementation. Yet this categorization procedure, while zeroing in on the specific causes for this conflict, misses in part, the overall dimensions of this conflict.

As was found after a review of a number of public-private manpower programs in Chapter 3, conflict in these programs has stemmed not from a single source, but rather a number of varied sources. Conflicts in these programs were found to be caused by (1) philosophical differences that existed between local groups and actors; (2) organizational disputes between established bureaucracies and newly created organizations; and (3) political maneuvering by local groups and actors. This research posits that each of these sources of conflict represent a distinct dimension or form of conflict. Each particular dimension of conflict (organizational, philosophical, political) will not only be rooted in different sources, but will have differing impacts on program performance as well. In addition, these different dimensions of conflict will have to be solved through different means. The next section of this chapter
turns towards exploring the dimensionality of this conflict in regards to the PSIP program.

Organizational Conflict

In Chapter 2, a number of reasons were examined why one would expect organizational conflict to occur under Title VII. In addition, in this chapter we have seen how such things as difference of opinion on leadership and proper organizational roles, and legal and procedural differences have also caused conflict to occur under this program. Yet, what distinguishes the organizational dimension of conflict from the philosophical or political dimensions? Very simply, as mentioned in Chapter 2, organizational conflict is defined as only that conflict that has been caused deliberately or consciously by a group or group of actors that seek to forestall another organization from achieving its goals. This type of conflict had been very pronounced throughout PSIP’s implementation. This type of conflict has manifested itself in the program in a number of forms:

(1) Differences between the PIC and the prime sponsor over whether the PIC should be an incorporated body, or whether it should be integrated by being a part of the prime sponsor.
(2) Prime sponsors' fears over the PIC merging with the CETA employment and training advisory council or wanting to form a multijurisdictional PIC.

(3) Disputes between the PIC and prime sponsor over the competency and responsiveness of the prime sponsors' service mechanisms, such as their client intake and assessment units.

(4) Mutual staff jealousies between the PIC and prime sponsor over such things as the workload of each organization, staff salaries, physical surroundings, as well as the perceived "safe" status of the PIC staff during CETA budgetary cutbacks.

(5) Differences between the PIC and prime sponsor over turf boundaries.

(6) Prime sponsor fears over accountability and liability for PSIP expenditures.

(7) A lack of respect on the part of the prime sponsor staff and PIC staff towards the quality of each others staff.

These and other specific forms that organizational conflict had taken under PSIP will be examined in more detail in Chapter 5.

While there were a number of groups and organizations involved in the implementation of Title VII, as the above
list vividly illustrates, the majority of the organizational conflict that had occurred under PSIP was between the PIC or its staff and the prime sponsor. This finding was to be expected, especially given the fact that the PIC was established within the prime sponsors policy space. In many cases where the initial role of the PIC was not clearly delineated, it was quite natural for the PIC and the prime sponsor to view each other as rivals for scarce resources, such as money, prestige, and control over clients.

**Philosophical Conflict**

Philosophical conflict in PSIP manifested itself primarily in four forms: (1) differences between local actors over programmatic choices; (2) differences over the population to be served by the program; (3) differences over the means of implementing these training programs; and (4) differences over the role that the private sector should play in employment and training programs. The multiplicity of actors involved in the program, and their diverse previous experience in social welfare programs guaranteed that there would be distinct differences in terms of how local manpower programs should be run, and that reaching compromise over these differences would be a long and arduous process.
While many local actors involved in the Title VII effort had varying viewpoints towards these programs and their ultimate utility, the sharpest differences in viewpoint tended to be between the PIC and the prime sponsor. Again, this finding was to be expected given the nature of the program. The public and private sectors that in theory were supposed to work together under the program simply brought to the program's implementation very distinct differences in their basic philosophies towards the training of the economically disadvantaged. On the national level, it was assumed by policy-makers that just because the two sectors agreed upon the national goals of the program, that they would also agree on the means of implementation. Indeed, after a comprehensive examination of PSIP's formulation and legitimation, one finds that very little was heard about the vast differences between how the private sector felt employment and training programs should be implemented and how the public sector felt these programs should be implemented. This is clearly evident in terms of what groups eventually were given a mandated role on the PIC. Groups such as community-based organizations, educational institutions, labor unions, were given a place on the PIC after these groups made strong demands on Congress for a role in this new federal program. However, it was not simply interest group pressure that placed these groups
on the PIC. Rather, policy-makers sought to include a diverse number of groups on the PIC in response to the growing trend towards community participation in decision-making. The question of whether these groups could work together effectively and reach consensus was never addressed in any great detail. Rather, it seems that policy-makers somewhat naively assumed that if local actors were in agreement over the goal of the program, then they would also be in agreement over the means to implement those goals as well.

**Conflict Involving Political Officials**

The third dimension of conflict that had occurred under PSIP was conflict that involved political officials or their aides. There had been extremely few instances of overt political conflict occurring under PSIP. This is in some respects a function of the limited overall interest and involvement that political officials had in the Title VII program. In the majority of prime sponsorships, activity of political officials did not go far beyond the early stages of PSIP's development, where elected officials did become involved in the recruitment of PIC members, in particular, the PIC chairperson pro tem. (see Ohio State University, Report #3, p. 29). One reason for the low levels of involvement among political officials is the fact
that PSIP represented only a small piece of the total CETA pie. On average, PSIP only represented 5% of the total CETA funds that a prime sponsorship received. Mayors and other city officials were more concerned with the public service employment (PSE) aspect of CETA which represented a sizable part of total CETA funds, and could be used for political purposes (see Mirengoff and Rindler, 1978).

However, despite the low levels of involvement and interest given to the program by political officials, there were a few cases of political officials being drawn into the program, and thus, giving the conflict that ensued a number of political overtones that would not normally have been there. In many instances, political officials were drawn into the PSIP program by organizational or philosophical disputes that were occurring between central PSIP actors. However, once these disputes had been broaden to include a new set of actors such as local (and in some instances State) political officials, the conflict takes on an entirely new dimension. It is argued here, that this dimension of conflict will therefore have a decidedly different set of impacts on program performance, and will require different means of resolution than is required under the organizational and philosophical dimensions. The impact of political conflict will be explored in detail through the three case studies presented in Chapter 5.
The above discussion serves as a useful backdrop for analyzing the frequency and distribution of the various dimensions of programmatic conflict that have occurred under the Title VII program. The following section of this chapter seeks to examine not only the various dimensions of conflict that existed within PSIP, but also to explore the determinants of that conflict. In addition, it seeks to see what impacts this conflict has had on program performance.

The Frequency and Distribution of PSIP Conflict

The aggregate data that are utilized in this section was collected over a two and one-half year period in 25 prime sponsorships as part of a national study conducted by the Ohio State University Mershon Center CETA project for the U.S. Department of Labor. These data were collected in these 25 prime sponsors during seven separate field visits that were approximately four months apart. Interviews were conducted with a wide range of local manpower actors, including such individuals as: PIC members, prime sponsor staff, PIC staff members, members of the manpower planning council, elected officials and their aides, and members of community-based-organizations.
The data set is felt to be fairly representative of the nation as a whole. The twenty-five prime sponsors are diverse in such things as: geographical spread, type of prime sponsorship (county, city, consortium), size of program, type of labor market, and ethnic mix of the population. Table 7, list the 25 prime sponsorships that were included in this study, along with some of their most important characteristics. As Table 7 indicates, seven of the sites are located in the northeast, seven in the Midwest, five are in the South, and six are in the West. Twelve of the study sites are consortia, eight are cities, and five are counties. In addition, one can arrive at an estimate of how large a particular CETA system is, based upon the CETA Title II allocation to that locality. In terms of 1979 Title II A, B, C allocations, five sites had an allocation of more than $7.5 million, eight sites had an allocation of between $3 and $5 million, and six sites had an allocation of between $1 and $3 million (Ohio State University, Report #1, p. 2).

Two measures of conflict were employed here. The first measure sought to ascertain the extent of programmatic conflict that was occurring over the local or national goals of the PSIP program. Local respondents were asked to respond to the following question: What are the major PSIP goals you hold for the program, and is there disagreement
<table>
<thead>
<tr>
<th>Prime Sponsorship</th>
<th>Federal Region</th>
<th>Type of prime sponsorship</th>
<th>PSIP FY '81 funds ($ in 000s)</th>
<th>PSIP share of all FY '81 funds (pct)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adams Co., CO</td>
<td>West(VIII)</td>
<td>County</td>
<td>255</td>
<td>6.8</td>
</tr>
<tr>
<td>Alamo Csrt., TX</td>
<td>South(VI)</td>
<td>Consortium</td>
<td>1548</td>
<td>6.6</td>
</tr>
<tr>
<td>Clark Co., OH</td>
<td>Midwest(V)</td>
<td>County</td>
<td>200</td>
<td>6.2</td>
</tr>
<tr>
<td>Dayton, OH</td>
<td>Midwest(V)</td>
<td>City</td>
<td>475</td>
<td>5.0</td>
</tr>
<tr>
<td>Erie Csrt., NY</td>
<td>Northeast</td>
<td>Consortium</td>
<td>1196</td>
<td>6.5</td>
</tr>
<tr>
<td>Hartford, Csrt., CN</td>
<td>Northeast</td>
<td>Consortium</td>
<td>583</td>
<td>6.3</td>
</tr>
<tr>
<td>Houston, TX</td>
<td>West(VI)</td>
<td>City</td>
<td>1255</td>
<td>3.6</td>
</tr>
<tr>
<td>Kansas City, Csrt., MO</td>
<td>Midwest</td>
<td>Consortium</td>
<td>767</td>
<td>5.1</td>
</tr>
<tr>
<td>Louisville/Jefferson, Csrt., KY</td>
<td>South(IV)</td>
<td>Consortium</td>
<td>785</td>
<td>5.9</td>
</tr>
<tr>
<td>Memphis Csrt., TN</td>
<td>South(IV)</td>
<td>Consortium</td>
<td>910</td>
<td>6.5</td>
</tr>
<tr>
<td>Milwaukee Co., WI</td>
<td>Midwest(V)</td>
<td>County</td>
<td>814</td>
<td>4.4</td>
</tr>
<tr>
<td>Minneapolis, MN</td>
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<td>City</td>
<td>375</td>
<td>5.5</td>
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<tr>
<td>Morris Co., NJ</td>
<td>Northeast</td>
<td>County</td>
<td>321</td>
<td>6.5</td>
</tr>
<tr>
<td>Penobscot/Hancock Csrt., ME</td>
<td>Northeast</td>
<td>Consortium</td>
<td>249</td>
<td>4.5</td>
</tr>
</tbody>
</table>
Table 7 (continued)

<table>
<thead>
<tr>
<th>Prime Sponsorship</th>
<th>Federal Region</th>
<th>Type of prime sponsorship</th>
<th>PSIP FY '81 funds ($ in 000s)</th>
<th>PSIP share of all FY '81 funds (pct)</th>
</tr>
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<tbody>
<tr>
<td>Pittsburgh, PA</td>
<td>Northeast (III)</td>
<td>City</td>
<td>838</td>
<td>5.9</td>
</tr>
<tr>
<td>Portland, OR</td>
<td>West(X)</td>
<td>City</td>
<td>694</td>
<td>6.7</td>
</tr>
<tr>
<td>Sacramento Csrt., CA</td>
<td>West(IX)</td>
<td>Consortium</td>
<td>1250</td>
<td>6.1</td>
</tr>
<tr>
<td>St. Louis, MO</td>
<td>Midwest (VII)</td>
<td>City</td>
<td>899</td>
<td>4.0</td>
</tr>
<tr>
<td>San Diego RETC, CA</td>
<td>West(IX)</td>
<td>Consortium</td>
<td>2356</td>
<td>5.5</td>
</tr>
<tr>
<td>San Francisco, CA</td>
<td>West(IX)</td>
<td>City</td>
<td>1315</td>
<td>5.9</td>
</tr>
<tr>
<td>Santa Clara Csrt., CA</td>
<td>West(IX)</td>
<td>Consortium</td>
<td>1444</td>
<td>6.3</td>
</tr>
<tr>
<td>Southern Alleg-</td>
<td>Northeast (III)</td>
<td>Consortium</td>
<td>1000</td>
<td>5.2</td>
</tr>
<tr>
<td>henies Csrt., PA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Syracuse, NY</td>
<td>Northeast (II)</td>
<td>City</td>
<td>270</td>
<td>5.1</td>
</tr>
<tr>
<td>Tampa, FL</td>
<td>South(IV)</td>
<td>Consortium</td>
<td>431</td>
<td>6.0</td>
</tr>
<tr>
<td>Wayne Co., MI</td>
<td>Midwest(V)</td>
<td>County</td>
<td>1360</td>
<td>5.0</td>
</tr>
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</table>
or conflict over these goals? This question allowed for the establishment of the fact that conflict over goals was occurring, as well as identifying the particular program goals provoking the conflict. This question was then followed by a question that sought to get at the consequences that this conflict might be having. Respondent were asked whether FSIP goals were being achieved in this site, the extent to which they were being achieved, and what factors accounted for progress or the lack of progress towards these goals.

The second measure of conflict that was utilized sought to uncover the existence of, and the consequences of, the conflict that was occurring between the PIC and the prime sponsor and other local actors over the means of implementing the program. Respondents were asked a series of questions which asked them to: (1) characterize the relationship (how well they got along) between the PIC/PIC staff and the prime sponsor; and (2) if conflict existed, why it did exist, how it was being handled, and what impact it was having on Title VII programs. It should be noted, that in the case of both of these measures of conflict, the precise wording of these questions changed over the course of the seven FSIP field visits. However, these wording changes were very minor in nature, and thus I am confident they had only a negligible (if any) effect on
the results. In addition, many of these questions dealing with conflict over goals and relationships were asked only in the later stages of the program's development. Questions that dealt with conflict simply were not applicable in the early stages of the programs' implementation due to the low levels of program activity that were occurring at that time. Thus, much of the analysis of conflict that follows, centers upon the later stages of the program's development.

The first question that must be addressed before any analysis is possible is how much programmatic conflict actually took place within the PSIP program. As Table 8 illustrates, programmatic conflict has neither been constant or stable throughout the PSIP program. Rather, programmatic conflict has fluctuated in degree and intensity throughout the life of the program. As the first measure illustrates, conflict over goals after 21 months of implementation was not very pronounced. In only eight sites was conflict over the programs goals found to be present. This figure changes only slightly after an additional four months have elapsed, with conflict over goals occurring in 10 of the 25 sites. However, this figure does change dramatically over the next six months, or after 2½ years of program implementation. At this point, approximately 2/3 (n=17) of the prime sponsors were experiencing conflict
Table 8

The Degree of Programmatic Conflict in PSIP for 25 Prime Sponsorships

<table>
<thead>
<tr>
<th>Measure</th>
<th>Goal Conflict</th>
<th>Conflict Present</th>
<th>Conflict Absent</th>
<th>N=</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Time 1</td>
<td>Time 2</td>
<td>Time 3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(9)</td>
<td>(15)</td>
<td>(21)</td>
</tr>
<tr>
<td>Measure 1: Goal Conflict</td>
<td>N/A</td>
<td>N/A</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Conflict Present</td>
<td>N/A</td>
<td>N/A</td>
<td>17</td>
<td>15</td>
</tr>
<tr>
<td>Conflict Absent</td>
<td>N/A</td>
<td>N/A</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Measure 2: Conflict over implementation</td>
<td>5</td>
<td>10</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Conflict Present</td>
<td>20</td>
<td>14</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Conflict Absent</td>
<td>25</td>
<td>24*</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Combined Measure</td>
<td>N/A</td>
<td>N/A</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>Conflict Present</td>
<td>N/A</td>
<td>N/A</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>Conflict Absent</td>
<td>N/A</td>
<td>N/A</td>
<td>24</td>
<td>24</td>
</tr>
</tbody>
</table>

*Cases here sometime equal 24 because one site was felt to be not applicable for this type of analysis.

Note: Figure in parentheses represent the number of months of PSIP implementation that have elapsed.
among actors over the goals of the PSIP program.

What is interesting here is not simply the fact that conflict over the goals of the PSIP program is occurring on such a wide scale, but rather, that it is occurring so late in the program's implementation and continues to become more widespread. One might have expected conflict over goals to occur during the beginning or start-up phase of program implementation. At this point, local actors who had been charged with implementing the program would have tried to reach a consensus on what the national and local goals of the program were to be. Thus, during these early stages, we would expect some conflict and disagreement among local actors over these goals. However, the PSIP program does not seem to be following this pattern. It seems that in many cases where consensus was reached over the program's national and local goals, that this consensus fell apart after some 2 years of program implementation had taken place or, alternatively, goals were not addressed early. The end result of this being the present situation of low levels of conflict over PSIP goals in the early stages of the program, and high levels of goal conflict in the later stages of the program's implementation. Chapter 5 will use case studies to examine why the outbreak of conflict over goals so late in PSIP's development has occurred.
The second measure of programmatic conflict, that of conflict occurring between local actors over the means of implementing the program, also shows that programmatic conflict had been neither constant nor stable throughout the program's implementation. In the early stages of PSIP's development, as Table 8 illustrates, conflict among local actors over the means of implementing the program were not very pronounced. Only one-fifth (n=5) of the prime sponsors were experiencing programmatic conflict after 9 months of implementation. In addition, there is some evidence that suggests that even during the first 9 months of programmatic implementation, conflict between actors over the means of the program were minimal to nonexistent (see Ohio State University Report #1, May 31, 1979, and Report #2, October 15, 1979).

However, after an additional six months elapsed, the number of sites that were experiencing this type of conflict doubled (n=10). Then over the next 10 months of PSIP's implementation, the number of sites that were experiencing programmatic conflict over the means of the program continued to increase. Finally, after 31 months of PSIP's implementation, there was a decrease in the number of sites where this conflict had been present. However, at least half (n=12) of the prime sponsors continued to experience this type of conflict.
One explanation for the low levels of this type of conflict in the early stages of the program's development is that in many prime sponsorships, the program got off to a very slow start. Indeed, an early evaluation of the Title VII program characterized the first 15 months of PSIP's implementation as being "slow and deliberate." In addition, the report found that even after 15 months, 16% of the study site had yet to even form a PIC, and that in these sites there had only been the "barest stirrings" of PSIP activity (Ohio State University, Report #2, October 15, 1979, p. 2). Given this, one would expect to find low levels of conflict between actors over means, simply because such little attention has been given to implementing the program. As institution-building began to take place, and organizational roles and authority became more clearly defined in the middle stages of the program's development, we then clearly see a sharp rise in the level of conflict that occurred over the means of implementing the program.

While the two measures of conflict employed here independently give one a good indication of the frequency of these types of programmatic conflict, they do not allow one to discern the total number of prime sponsorships that were experiencing at least one of these forms of conflict. However, these two measures of programmatic conflict can be easily combined, and sites coded on the basis whether they
have either of these types of conflict occurring. This then allows for the creation of a summary measure of programmatic conflict that allows one to see how many sites were experiencing at least some form of conflict. Thus, if a site had conflict occurring over the goals of the program, but had no conflict occurring over the means of implementing the program, that site would be coded as having programmatic conflict occurring. For a site then to be coded as having no programmatic conflict occurring, it must have been coded as having "conflict absent" for both measures 1 and 2.

As Table 8 illustrates, there was available data to calculate the combined measure for three specific points in the program's implementation: after 21 months of implementation, after 25 months, and after 31 months.

After 21 months of PSIP's implementation, slightly over a majority (n=13) of prime sponsor were experiencing some form of programmatic conflict. The number of sites where conflict was present continued to rise until after 2½ years of implementation, over 2/3 (n=18) of the study sites have conflict present. Only in six sites was programmatic conflict totally absent from the program.

Using the different definitions of the types of programmatic conflict that can occur in social programs (organizational, philosophical, political), it was possible
to categorize the conflict that was occurring in these 25 sites based upon this classification scheme. This classification procedure allows one to see whether all of the conflict that was occurring was simply organizationally based, or whether it was based on a combination of factors (e.g., organizational/philosophical reasons). Table 9 illustrates the differing forms programmatic conflict took for three time points in the programs development.

Clearly, for the first two time reference points in PSIP's implementation (21 and 25 months respectively), organizational conflict was the most prevalent, type of programmatic conflict that was occurring. Both philosophical and political forms of conflict were barely occurring in isolation, with a combination of organizational/philosophical conflict occurring in a growing number of sites. However, at Time 5 (31 months), there are a number of interesting changes that take place in terms of the frequency of some of these forms of conflict. There is a dramatic drop in the number of sites in which organizational conflict is taking place. Whereas, during Times 3 and 4 organizationally based conflict accounted for 54% and 56% respectively of all the programmatic conflict that was occurring, at Time 5, organizationally based conflict accounted for only 17% of the conflict that was taking
### Table 9

Frequency of the Different Types of Programmatic Conflict

<table>
<thead>
<tr>
<th>Type of Conflict</th>
<th>Time 3 (21)</th>
<th>Time 4 (25)</th>
<th>Time 5 (31)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Conflict</td>
<td>7</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Philosophical Conflict</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Political Conflict</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Organizational/Philosophical Conflict</td>
<td>2</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Organizational/Political Conflict</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Organization/Political/Philosophical Conflict</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>No Conflict Occurring</td>
<td><strong>11</strong></td>
<td><strong>8</strong></td>
<td><strong>6</strong></td>
</tr>
</tbody>
</table>

\[N = 24^*\]

*Case equal 24 because one site was deemed to be not applicable for analysis.

Note: Figure in parentheses represent months of PSIP's implementation.
place in the 25 sites. In addition, one finds a corresponding rise in the number of sites where conflict was being caused by philosophically based differences between actors, and a rise in the number of sites where conflict took on multiple forms by either being organizational/philosophical or organizational/philosophical/political in nature.

A few interesting findings emerge from interpretation of these data. First, the data clearly show that not only did programmatic conflict take on different forms in the PSIP program, but that this conflict was highly volatile. Specific conflicts that did occur over the course of the program were resolved by local actors, although other forms of conflict tended to arise which eventually served to impede the program's performance. A second interesting finding from the data is that in the earlier stages of PSIP's development, organizational conflict tended to predominate. Thus, whether the conflict was over Title VII goals or over the means to implement the program, it was being caused in the great majority of cases by organizationally based reasons.

However, in the later stages of PSIP's development this changes. Here, programmatic conflict tends to be more complex, being caused by a number of factors, such as organizational and philosophical reasons. This is
interesting in the sense that one would have expected conflict to become less complex in the program as local actors and institutions formalized their roles and authority under the program, and therefore could more easily resolve many of the conflicts that developed. However, the experience of the PSIP program seems in the aggregate to be just the opposite. As the program and its implementation structures became more highly developed, not only did conflict become more widespread (see Table 8), but in addition, programmatic conflict became more complex in that it was being caused by a multiplicity of factors.

Now that it has been established through the use of multiple measures of programmatic conflict that there has been a high level of conflict within the PSIP program, it is possible to examine through the use of a number of independent variables the determinants and impact on program performance that this conflict has had. Thus, we seek to ascertain here the differences that exist between sites where conflict occurred and sites where there was an absence of such conflict. Do sites that have experienced high levels of conflict have low program performance records? Are factors that are internal to the PIC important in explaining the conflict that has taken place? Or are external factors more important in explaining the presence or absence of conflict?
Determinants of Conflict

A number of independent variables are used in this section to measure the determinants of programmatic conflict within the PSIP program. Two sets of independent variables were chosen for study; those that can be considered internal variables and those that can be considered external variables. The distinction between the two is simply based upon how manipulable that variable is by local actors involved in PSIP's implementation. For example: here the local unemployment rate would be considered to be an external variable, since there is little the PIC could do that would effect the overall rate of employment in the prime sponsorship. In other words, the health of the local economy lies outside their direct control. In contrast, the variable "PIC staff quality" would be considered an internal variable since it is one that local PSIP actors definitely have control over, and could change if conditions warranted such action.

In all, 14 independent variables (6 internal, 8 external) were chosen for analysis. These variables were then measured for three specific time points in the programs development: after 21 months, 25 months, and 31 months of implementation. Internal variables chosen for analysis were: staff independence; the incorporated status of the PIC; PIC staff quality; the nature of the role the PIC
was playing in the program; the internal role the PIC Chairman was playing in the program; and the size of the PIC (in terms of number of members).

External variables that were utilized were: the local unemployment rate, the perceived "health" of the local CETA system; the level of fiscal year 1981 PSIP funding; the perceived effect that the economy was having on the program; the region of the country the prime sponsor was located in; the nature of the prime sponsorship (i.e., whether it was a city, county, or consortium); and finally, whether the prime sponsorship had served as one of the Title VII demonstration sites.

A number of these variables such as the local unemployment rates, and the level of fiscal year 1981 funding were easily collected from data supplied by the U.S. Department of Labor. However, it is not as obvious as to how some of the other independent variables that are utilized here were operationalized and measured. What follows is a description of the above variables, how they were operationalized and measured, and their expected relationship with the dependent variable where appropriate.

**Measurement of Independent Variables**

**Staff Independence:** The variable "staff independence" sought to measure whether the PIC/PSIP staff was integrated
with the present CETA staff, or whether the PIC/PSIP staff was separate and apart from the CETA staff. This judgment was made by the appropriate Mershon Center project associate after they had returned from a field visit. Staff independence was judged to be an important independent variable for purposes of this research in the sense that one might expect that prime sponsorships where the PIC had a separate staff would experience a greater degree of conflict than sites where the two staffs were integrated with the already existing CETA staff. Competition and turf battles between separate staffs over authority, prestige, and program funds, would tend to increase the likelihood that programmatic conflict under PSIP would occur.

**Incorporated Status:** The variable of incorporated status seeks to measure whether the PIC had retained its unincorporated status, or whether it had become an incorporated, private non-profit entity. A few points and background information concerning incorporation deserve attention here, in that this information will help to illustrate the impact that this variable could have on PSIP performance.

Section 679.3-7 (c) (3) of the CETA regulations authorizes PIC's to incorporate for purposes of administering and directly operating local private sector employment
and training programs. The determination of whether PIC's should or should not incorporate was left up to the PIC's, although DOL recommended that this decision be made in conjunction with the prime sponsor. It was the official policy of the Employment and Training Administration (ETA) neither to encourage nor to discourage the incorporation of PICs. Rather, ETA felt that the decision to incorporate should be based upon local circumstances. As ETA stated:

Local circumstances, including the views of business community; State and/or local law; the functions to be performed by the PIC, to be determined mutually by the prime sponsor and the PIC; and other factors, primarily local in nature, should be considered in coming to a final resolution of this question. No particular set of factors argue forcibly for one position or the other. In this context, the functions that the PIC will perform are not necessarily the determinant issue. Many incorporated PICs will not operate programs. ETA does not wish to prescribe either the role that the PIC will play or its organizational status (U.S. Department of Labor, Employment and Training Administration, Field Memorandum No. 257-80, May 8, 1980).

One aspect of incorporation that tended to make it a controversial subject for discussion among local PSIP actors was that it implied that the PIC's status in the prime sponsorship would change in that it would become more independent and autonomous from the rest of the CETA system. Some local actors believed that this change in relationships would ultimately mean that the prime sponsor would lose total control over the PIC. Thus, for prime
sponsors who wanted to keep a tight rein on PIC power and decision-making, the move towards incorporation was a very real threat. As ETA noted about some of the consequences of incorporation:

Incorporation may require changing current roles and relationships between local components which have operational, concurring, advisory or other responsibilities. Such changes might have a positive, negative, or no discernable influence on existing operations and interactions, depending on how the various components perceive their new status, roles, and responsibilities in relation to their earlier position (U.S. Department of Labor, Employment and Training Administration, Field Memorandum No. 257-80, May 8, 1980, p. 2).

While ETA took a cautious position by saying that incorporation may have either a positive, negative, or neutral impact on the PSIP program, there are a few reasons to believe that incorporation may foster an increased level of conflict within the program. First, since incorporation means a change in existing roles and relationships between organizations, one would expect to find objections by various local actors who are trying to protect their respective turfs. For instance, CETA officials may object to incorporation on grounds that their role in the program may become minor relative to programmatic development of PIC activities, and become major in terms of the financial liability of the PIC (since ultimately the prime sponsor is responsible for all funds allocated
under CETA). Thus, CETA officials have less control over the program, but still maintain responsibility for what the PIC does and does not do.

A second reason why we might expect high levels of conflict to be present where incorporation has occurred is that in some respects, the move towards incorporation is indicative of past hostilities between the PIC and the prime sponsor. Here, incorporation is not primarily responsible for the underlying conflict that is present in the site, but rather is a function of that conflict, and which will ultimately aggravate the conflict even further. PIC's that are disenchanted with the performance of the local CETA system and officials, may view incorporation as the perfect means of disassociating themselves with the CETA and public sector systems. This attitude of disassociation or seeking independence, simply serves to promote additional programmatic conflict among local actors who do not see PIC independence as important or functional in achieving PSIP's mandated goals.

**PIC Staff Quality:** The third internal variable that is utilized here is PIC staff quality. PIC members in each prime sponsorship were asked whether they were pleased with the performance of the PIC staff. Responses for Times 3 and 4 were coded into two categories (pleased-
displeased) and into three categories for Time 5 (pleased-
pleased some of the time-displeased). The expectation
here was that sites where PIC staff quality was high and
with which PIC members were pleased, would have low levels
of programmatic conflict.

Nature of PIC Activity: The fourth internal variable
that is utilized here is the nature of PIC activity. It
is important to note that there are many distinct types of
roles that a PIC could choose to play under this program.
At one end of this activity scale, PIC's could play a very
active role in the program by becoming the primary initia-
tor of goals, strategies, programs and activities in the
PSIP network. On the other end of the scale, the PIC
could choose to play a very passive role in the program,
primarily ratifying the initiatives of others passively
without making changes. Sites were placed into four cate-
gories based upon where they fell in terms of this activity
scale; that is, whether the nature of their activity could
be characterized as initiating, ratifying, both initiating
and ratifying, or neither initiating nor ratifying. These
judgments were based upon a series of questions that asked
respondents to describe the PIC's role in such activities
as: planning for Title VII, evaluation, operating Title
VII programs, and strategies for attracting business to
Title VII.
One would expect that greater conflict under PSIP would occur where PIC's are the primary initiator of program goals, strategies, training programs, etc., than instances where PICs passively ratify the initiatives of others. This is because, one would expect that in cases where the PIC was playing an active role, it would be more prone to be drawn into conflictual situation with the prime sponsor. For instance, an activist PIC may want to put a "PIC stamp" on all their programs and activities, further defining their organizations role and authority from that of the prime sponsor. In addition, an activist PIC might be more inclined to fund programs and service deliverers who are new to the employment and training system. Thus, they might be drawn into a conflictual situation with the prime sponsor who may want to: (1) see the PIC fund some programs and service deliverers that had been previously funded under a different CETA title; and (2) see less of a "PIC stamp" on programs and activities and more of a "CETA stamp." PICs that simply ratify the initiatives of others stand a greater chance of being manipulated by the prime sponsor, and thus would be in a less conflictual posture.

PIC Chairman's Role: The variable "PIC Chairman's role" seeks to measure whether the PIC Chairman has served
as a positive force inside the PIC in terms of promoting timely, goal-oriented decisions, and esprit among members. Local PSIP actors were asked to judge the PIC Chairman in that site in terms of how he/she was meeting the above criteria.

The PIC Chairman is potentially the most important member on the PIC, and is usually the one person that the rest of the PIC membership and staff look to for guidance on the diverse array of issues that the PIC must face. It has been found, that for a PIC Chairman to be effective in that role, he/she should at least have the following attributes: an understanding of the law and regulations for Title VII and CETA; an understanding of the local CETA system and local political context; a willingness to commit time to PIC business, both in and out of formal meetings; providing input and a point of view on issues that is at least occasionally independent of the staff's; galvanizing other members to understand and work for PIC goals; and promoting discussion from a wide range of members, reaching decisions without lengthy delays or battles, and in a fashion that allows all points of view to be heard before reaching the decisions (Ohio State University, Final Report, November, 1981, p. 28).

Of course, there exists great diversity in terms of the number of PIC Chairmen who maintain the above attributes.
Not all PIC Chairman bring the same degree of commitment and effort to the PSIP program. Some PIC Chairman are constrained in what they can do by time, others are constrained by their overall interest and commitment to the program. For example, PIC Chairmen who are executive officers for major corporations while bringing their stature in the local business community to the program, have very little time to devote to PIC affairs. Other PIC Chairmen who may have the necessary time to give to the program, may not maintain a strong commitment to seeing the program actually succeed.

Because of the crucial role in the program that the PIC Chairmen can play, he/she becomes an important actor in terms of his/her ability to either promote or suppress programmatic conflict. A PIC Chairman who is more interested in or places a high priority in pushing for PIC independence or a certain philosophical view-point, over that of reaching timely goal-oriented decisions, may as an end result serve to promote conflict in the program. For example, an evaluation report on PSIP conducted by the Corporation for Public/Private Ventures found a number of instances like the following situation:

In Los Angeles a strong-willed chairman and an equally insistent prime sponsor have clashed over the basic purpose and activities of the PIC. At the close of 1980, the prime was blocking the expenditures on an employment-
generating advertising campaign which was the PIC's highest priority, while the PIC threatened to block use of Title VII funds for the prime sponsor's priority—on-job-training (sic) programs. This conflict has been long standing in Los Angeles (Private Sector Initiatives Program, Corporation for Public/Private Ventures, Third Year Interim Report, p. 28).

Thus, one expectation here would be that sites where the PIC Chairman has not sought to promote timely, goal-oriented decisions and esprit among members would have higher levels of conflict than sites where PIC Chairman are describe as being positive forces.

**Size of PIC Membership:** Finally, the sixth internal variable seeks to measure the size of the PIC in terms of the total number of individuals who have been officially appointed members. For the 25 sites utilized in this research, the smallest PIC had a total membership of 12 individuals, while the largest PIC had a total of 105 members. The average PIC had approximately 22 members.

Given the multiplicity of actors that serve on the PIC and their diverse organizational affiliations, one would expect to find great variance in terms of their viewpoints concerning how employment and training programs should be implemented. One would expect that the greater the size of the PIC, the greater the likelihood that discord and disagreement between members would occur. Thus,
consensus should be more difficult to achieve where the PIC membership is very large. Therefore, one would eventually expect to find that the levels of conflict within a site would vary in terms of the size of the PIC; that is, the larger the size, the greater the likelihood that there will be programmatic conflict within the PSIP program.

External Independent Variables

The external independent variables that are utilized in this research were for the most part collected from data that was provided by the U.S. Department of Labor. Variables such as unemployment rates (December 1980 and June 1981 rates are utilized), Title VII funds for Fiscal Year 1981; Region; the prime sponsor type (city, county, consortium); and whether or not the prime sponsor was a Title VII demonstration site, were all gathered from national level data. The two external variables of CETA system health and the effects of the local economy were both gathered from interviews with local Title VII actors.

CETA System Health: The external variable of CETA system health sought to measure how well the total local CETA effort was performing. To measure this complex variable, local respondents were asked a series of questions
about the performance of their local CETA program. Respondents were asked: (1) whether there had been any serious problems with local CETA staff in terms of their competency or efficiency; (2) whether there had been any serious problems with local CETA management; (3) whether there had been problems in terms of CETA's program performance; and finally, (4) whether there had been any disclosures of fraud and abuse existing within the CETA system, or any other type of scandal that could seriously effect the local CETA systems image.

It is very important for social programs such as CETA to have a very positive image in the community. A program such as CETA, in particular needs to have a positive image in the local business community so that employers will be willing to work with the agency, and hopefully, hire some of its trainees. In localities where CETA is viewed negatively by local employers, it then becomes more difficult for CETA officials to place clients into unsubsidized private sector employment, because of the negative stigma that is attached to CETA. PIC's that have to operate in prime sponsorships where there have been serious problems with CETA staff, CETA management, and CETA program performance, and where CETA was generally perceived negatively, would have a number of serious obstacles to overcome such as a horrible public image.
We would expect for a few reasons that sites whose CETA system health can be rated as being in "poor" shape, would be experiencing higher levels of programmatic conflict than those sites who had "satisfactory" system health. First, one reason why CETA's system health is so poor could be the fact that both CETA staff and management are incompetent. Thus, when the PIC tries to work with CETA it generally finds itself frustrated over their procedures and bureaucratic red-tape. As a result, conflict eventually develops between the two organizations over the means of implementing the program. A second reason for the above expectation, is that the PIC may adopt a goal of becoming independent from the prime sponsor based upon the poor image of the local CETA system. Few organizations would want to associate themselves with an organization that has a history of perhaps fraud and inefficiency. Therefore, the adoption of the independence goal may cause conflict to erupt.

**Prime Sponsor Type**

This variable seeks to measure the effect that the prime sponsor type had on Title VII programmatic conflict. That is, does conflict vary based upon whether a prime sponsorship is a city, county, or consortium. Here, prime sponsorships were simply categorized as to whether they
There were a city (n=9), a county (n=5), or a consortium (n=11).

One expectation here is that the more complex political units such as counties and consortia would experience higher levels of programmatic conflict than cities, due to their complex political structure. Title VII actors would be faced not only with a more complex political system, but also with a number of different actors that would have to be accommodated by the program. For instance, in Louisville/Jefferson County Consortium, both the Louisville Mayor and Jefferson County Judge/Executive have equal decision-making power over PSIP and all other employment and training matters. One might expect more conflict to occur over such issues as Title VII programs and activities, service deliverer selection, etc., under this more complex type of political arrangement, than within cities where the Mayor has considerable control over the program.

**Title VII Demonstration Site**

This variable seeks to measure the effect that being a Title VII demonstration site had on the level of PSIP programmatic conflict. Here, sites were coded into two groups: those sites that were chosen by the U.S. Department of Labor to be Title VII demonstration sites (n=9) and those that were not (n=16). It should be pointed out, that initially 34 prime sponsorships were chosen to be
Title VII demonstration sites. One of the main criteria for the selection of these sites was that they had to have a history of "medium" or "strong" private sector involvement in federal training programs (see Employment and Training Reporter, Volume 9, No. 32, April 21, 1978, p. 589).

As a result of this criteria, one might expect that PSIP would be able to run more smoothly in demonstration sites, because of the strength of CETA's past ties with the private sector in those sites. The two sectors would have worked together in the past, and thus, make for a less conflictual partnership. A second expectation might be that demonstration sites would have lower levels of conflict particularly in the later stages of PSIP's implementation than nondemonstration sites because of the "head-start" they received in the program. That, given the demonstration sites longer start-up phase, institutionalization of the formal implementation mechanism would be more complete, with major conflicts having already been resolved by local actors.

Region

This variable seeks to measure the effect that region had on Title VII programmatic conflict. Sites were coded into four categories: (1) Northeast (n=7); (2) Midwest
(n=7); (3) South (n=5); and (4) West (n=6). It was expected for a number of reasons that sites in the South and West would have higher levels of conflict than sites in the Northeast and Midwest. First, it was expected that in Southern sites there would be sharper philosophical differences between PIC members (who are predominantly white) and the prime sponsor CETA staff (who are predominantly black or Mexican-American). These philosophical differences would eventually help to promote PSIP conflict.

While these same racial differences between the PIC and the prime sponsor exist in all regions of the country, one might expect out of historical reasons, that the philosophical differences between these groups might be the most distinct and clear-cut in Southern sites, thus provoking the higher levels of conflict.

Secondly, one might expect there to be greater conflict in the western sites due to the anti-government social program attitude that is prevalent among business leaders in this part of the nation. In Northeast and Midwest sites, business leaders have had more experience with these type of social programs, and thus we might expect that they will take a less conflictual posture towards the prime sponsor.
Title VII Funds for Fiscal Year 1981

This variable seeks to measure the effect the size of the Title VII allocation had on the level of PSIP programmatic conflict. Here, the Title VII allocation for fiscal year 1981 for each site was coded on the basis of the following categories: (1) small allocation - $200,000-$600,000 (n=9); (2) medium allocation - $601,000-$910,000 (n=7); (3) large allocation - $911,000-$2,356,000 (n=9).

The expectation here was that sites with large Title VII allocations would experience higher levels of conflict than sites that had small or medium sized allocation. One would expect this to be true for a few reasons. First, in sites where the Title VII allocation was meager, the prime sponsor may be relatively unconcerned about these funds. They would be less concerned with trying to control and influence what they perceived to be a relatively minor program. However, in situations where Title VII amounted to a fairly large allocation, we would expect that the prime sponsor would at least be marginally interested in these funds, and thus the possibility that they would enter into a conflictual situation over these funds would be increased.

A second reason to expect greater instances of conflict in sites that received a large Title VII allocation, is because the number of actors who would be interested in
PSIP affairs may increase with the size of the allocation. That is, CBO's, political officials, local educational associations, may be relatively unconcerned about PSIP where the total size of the allocation is small. Thus, there are less chances that conflict would occur over such issues as program funding decisions and service delivery questions. However, in the case of a large Title VII authorization, these actors may become interested in receiving or determining on what and on whom these dollars are spent. This influx of actors, with competing priorities, would eventually lead to more conflict under the program.

Local Economic Conditions and Unemployment Rates

Both local economic conditions and unemployment rate variables seek to measure the effect that the nature of the economy had on the level of PSIP programmatic conflict. To measure local economic condition, local actors were asked whether the local economy in their opinion was strong or weak, and what effects it was having on the PSIP program. Unemployment rates in the study sites were measured for two time period (December 1980 and June 1981), and were categorized into three categories: (1) low - 4.0-5.9% (n=5); (2) medium - 6.0-7.9% (n=12); and (3) high - 8.0-13.9% (n=8).
One might expect that sites where the local economy is strong and local unemployment rates are low would have a lower level of conflict than sites where the economy is described as weak and unemployment is high. One would expect less conflict here because in a strong economy, employment and training programs should have an easier time of placing participants than they would within a weak, high unemployment economy. Thus, in a strong economy programmatic decisions and in general implementation, should be very straightforward and noncontroversial. Whereas, in a weak economy, programmatic decisions may be more difficult to make, because more local factors such as current job openings, have to be taken into account.

In addition, one might expect less conflict under Title VII in sites that have a strong economy and low unemployment rates because there might be less concern among local actors over PIC underspending and employment generating activities. That is, a prime sponsor and elected officials, faced with a low unemployment rate may be more willing to accept monies not being spent, or going into activities that do not directly place individuals into jobs. Whereas, a prime sponsor facing a high unemployment rate may not be willing to tolerate underspending or employment generating activities, and may push the PIC to put more emphasis on placing and training clients for
employment. Out of this pressure, conflict would eventually arise.

**Importance of Internal Versus External Variables**

A final expectation that this research holds is that internal variables would be a greater determinant of PSIP programmatic conflict that would external variables. This expectation largely stems from the fact that internal variables are not fixed as are external variables. External variables are givens. There is relatively nothing that the PIC or the prime sponsor can do to alter this set of variables. Conflict may erupt over them as noted above, but by and large, local actors recognize that they cannot be manipulated, and therefore do not commonly enter into struggles over them. For instance, there is little local actors can do that will affect the local unemployment rate or the level of Title VII funds that are allocated to that prime sponsorship by DOL. In addition, while local actors may wish to improve the health of the local CETA system, the PIC must accept the state of the local CETA system's health as simply a condition under which they must operate.

In contrast, internal variables are very open to manipulation. These variables have not been clearly defined by the Title VII law and regulations. Rather, these are variables that were purposively left open so that they
could be solved at the local level. For instance, as has been seen over the matter of PIC incorporation, the Employment and Training Administration sought to take a stance that neither recommended nor required incorporation, but rather left it up to local circumstances. Because of the undefined nature of these variables, local actors were more apt to enter into disagreement over them, and as an end result conflict occurs.

An additional reason to expect that internal variables will prove to be more important determinants of conflict is lodged in the very nature of these variables. Many of these internal variables deal with the fundamental question of where the power of the program, the control over decision-making and implementation would reside. Variables such as incorporated status, staff independence, and PIC size all deal in either a direct or indirect fashion with whether authority for and control over the program was going to reside with the PIC or the prime sponsor. External variables do not at all deal with such a controversial topic. Thus, given the manipulable nature of these variables and the controversial issues that they are related to, one would expect them to be an important determinant of programmatic conflict.
Findings from these Independent Variables

The tau-b correlations for the above independent variables are shown in Tables 10, 11, and 12, for each one of the different measures of programmatic conflict. Due to the ordinal nature of the data, tau-b correlations were deemed to be the most appropriate correlation coefficient (see Blalock, 1972; and Weisberg and Bowen, 1977). Table 10 gives the tau-b correlations and their respective significance levels for the 10 independent variables by the conflict over goals measure. These correlations are provided for three time points in the PSIP programs development.

What is evident from Table 10 is that the importance of these independent variables in determining goal conflict is not stable, but rather varies greatly over the course of the program's development. After 21 months of the program's implementation, only two variables have a low to moderate effect on the level of goal conflict: PIC size (.23) and the incorporated status of the PIC (-.20). However, only PIC size is significant at the .10 level. At Time 4 (or 25 months) in the program's development, five variables have a moderate to moderately high correlation with goal conflict: staff quality (.59), internal role of the PIC Chairman (.36), the type of prime sponsorship (.36), the nature of PIC activity (-.33), and the
Table 10
Determinants of Programmatic Conflict
Occurring over Title VII Goals

<table>
<thead>
<tr>
<th></th>
<th>Time 3 (21)</th>
<th>Time 4 (25)</th>
<th>Time 5 (31)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal Variables:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff Independence</td>
<td>-.14&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-.06</td>
<td>-.54</td>
</tr>
<tr>
<td>Incorporated Status</td>
<td>-.20&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-.16&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-.61</td>
</tr>
<tr>
<td>Staff Quality</td>
<td>.03</td>
<td>.59</td>
<td>.17&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Nature of PIC Role</td>
<td>.08</td>
<td>-.33&lt;sup&gt;b&lt;/sup&gt;</td>
<td>.09</td>
</tr>
<tr>
<td>PIC Chairman's Role</td>
<td>.14&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.36</td>
<td>-.04</td>
</tr>
<tr>
<td>PIC Size</td>
<td>.23&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.10</td>
<td>.08</td>
</tr>
<tr>
<td><strong>External Variables:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Title VII Funds (FY '81)</td>
<td>.00</td>
<td>-.31&lt;sup&gt;b&lt;/sup&gt;</td>
<td>-.31&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>Effects of Local Economy</td>
<td>N/A</td>
<td>.10&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.33&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>CETA System Health</td>
<td>-.10</td>
<td>N/A</td>
<td>.39</td>
</tr>
<tr>
<td>Local Unemployment Rate (Dec)</td>
<td>.01</td>
<td>-.15&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.01</td>
</tr>
<tr>
<td>Local Unemployment Rate (June)</td>
<td>-.04</td>
<td>-.17&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.06</td>
</tr>
<tr>
<td>Type of Prime Sponsor</td>
<td>.15&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.36&lt;sup&gt;b&lt;/sup&gt;</td>
<td>.02</td>
</tr>
<tr>
<td>Demonstration Site</td>
<td>-.02</td>
<td>-.24&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-.51</td>
</tr>
<tr>
<td>Region</td>
<td>.01</td>
<td>.15&lt;sup&gt;b&lt;/sup&gt;</td>
<td>.04</td>
</tr>
</tbody>
</table>

<sup>a</sup> Correlation was significant at the .10 level.

<sup>b</sup> Correlation was significant at the .05 level.

Note: Figures in parentheses represent the number of months of PSIP implementation that have elapsed.
level of Title VII funds for Fiscal Year 1981 (-.31).

However, only the nature of PIC activity is significant at the .05 level. Finally, at Time 5, six variables are found to be having significant effect on the level of conflict that is occurring over PSIP goals: the PIC's incorporated status (-.61); PIC staff independence (-.54); whether the PIC was a demonstration site (-.51); CETA system health (.39); the effects of the local economic conditions (.33); and the level of Title VII funds for Fiscal Year 1981 (-.31). Of these relationships, only CETA system health and the level of fiscal year 1981 funding were significant at the .05 level.

Two important findings are presented by this data. First, it is clear that while the effects of these variables do fluctuate across time, internal variables consistently have the greatest effect on the level of goal conflict regardless of where the program is in terms of development. External variables have little effect on the level of goal conflict. The only external variable which consistently seems to have a minor effect on goal conflict is the level of Title VII fiscal year 1981 funding. These findings are by no means unexpected. Rather, one might expect conflict over goals to be shaped and determined by internal variables. The degree of consensus over program goals on the PIC and between local actors, and the degree
to which PIC goals are in alignment with the prime sponsors PSIP goals, are both important internal factors that have a direct effect on the level of conflict that occurs over goals.

In particular, three internal variables stand-out in terms of their effect on the level of PSIP goal conflict: PIC incorporation; PIC staff quality; and staff independence. It was found that those sites where PIC's were incorporated has a much higher tendency to have conflict occurring over goals. In fact, at Time 5 in PSIP's development, 100% (n=11) of the incorporated sites had conflict occurring over program goals, as compared to 43% of the unincorporated sites. In addition, PIC's whose membership was pleased with the performance of their staff had much lower levels of goal conflict occurring in the program. For instance, at Time 4 in PSIP's development, goal conflict was occurring in 80% of the cases where PIC members had stated that they were not pleased with the respective performance of their staff. Finally, it was found that independent staffs have higher levels of goal conflict than do PIC's that have integrated staffs. An example of this is seen at Time 5 in PSIP's development, where 93% of all PIC's with independent staffs have goal conflict occurring, as compared to 42% of the PIC's that had an integrated staff.
The second important finding derives from the first. Two out of the three internal variables that were found to have an effect on the level of goal conflict have to do directly with the PIC staff. Indeed, it is clear that the PIC staff is a central actor in terms of goal conflict. Staffs that are independent from the rest of the CETA system are more likely to promote goals that are perhaps inconsistent with the goals that are held by the prime sponsor. Indeed, in cases where the communication between PIC and CETA staffs is poor, the PIC staff will have little knowledge of when a PIC goal for PSIP and a prime sponsor goal for PSIP will clash. Integrated staffs in all likelihood would be more aware of both the positions of the PIC and prime sponsor on a particular goal, and would therefore be in a better position to resolve internal differences before they turn into full blown conflicts.

Table 11 gives the tau-b correlations and their significance levels for the 14 independent variables by the conflict over the means of implementation measure, for three time period in the PSIP programs development. In contrast to the goal conflict measure, the importance of these variables in determining conflict over means is relatively stable over time, and does not vary greatly over a course of 10 months. At Time 3 in PSIP's development, five out of the 14 independent variables have a moderate
Table 11
Determinants of Programmatic Conflict Occurring
Over Title VII Means of Implementation

<table>
<thead>
<tr>
<th></th>
<th>Time 3 (21)</th>
<th>Time 4 (25)</th>
<th>Time 5 (31)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal Variables</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff Independence</td>
<td>.35&lt;sup&gt;b&lt;/sup&gt;</td>
<td>.41</td>
<td>.54</td>
</tr>
<tr>
<td>Incorporated Status</td>
<td>-.15&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-.14&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-.26&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Staff Quality</td>
<td>-.42</td>
<td>-.37</td>
<td>-.19&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Nature of PIC Role</td>
<td>.05</td>
<td>.43</td>
<td>-.51</td>
</tr>
<tr>
<td>PIC Chairman's Role</td>
<td>-.25&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.07&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-.34&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>PIC Size</td>
<td>-.11</td>
<td>-.07</td>
<td>.15&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

| **External Variables**   |             |             |             |
| Title VII Funds (FY '81)| .38<sup>b</sup> | -.31        | .16         |
| Effects of Local Economy| N/A         | -.08        | -.83        |
| CETA System Health       | .47         | N/A         | -.34<sup>b</sup> |
| Local Unemployment Rate  | .14<sup>a</sup> | .03         | .15<sup>a</sup> |
| (December 1980)          |             |             |             |
| Local Unemployment Rate  | -.01        | -.03        | .00         |
| (June 1981)              |             |             |             |
| Type of Prime Sponsor    | -.14        | -.06        | .26<sup>a</sup> |
| Demonstration Site       | .37<sup>a</sup> | .13         | .09         |
| Region                   | .10<sup>a</sup> | .01         | .13<sup>a</sup> |

<sup>a</sup> Correlation was significant at the .10 level.

<sup>b</sup> Correlation was significant at the .05 level.

Note: Figures in parentheses represent the number of months of PSIP implementation that have elapsed.
to moderately high effect on the level of conflict that is occurring over implementation means: system health (-.47); PIC staff quality (-.42); level of Title VII fiscal year 1981 funds (.38); Incorporated status (.37); and staff independence (.35). At the Time 4 stage of the program's development, four variables continue to have a moderate to moderately high effect on the level of conflict over implementation means: the nature of PIC activity (.43); staff independence (.41); PIC staff quality (-.37) and fiscal year 1981 Title VII funds (.31). Finally, for Time 5, six variables turn out to be the most important in helping to explain conflict: the effects of the local economy (-.83); staff independence (.54); the nature of PIC activity (.51); the role of the PIC Chairman (-.34); the health of the local CETA system (-.34); and the incorporated status of the PIC (.31).

As is clear from this review of these variables, many of the same factors continue to have an effect on the level of conflict over implementation means; in particular, staff independence, the nature of PIC activity, CETA system health, PIC staff quality, fiscal year 1981 Title VII funds, and PIC incorporated status. Briefly stated, the following relationships were found to exist over the course of the PSIP program: (1) PIC's with independent staff had higher levels of conflict over means than did PIC's that had an
integrated staff structure; (2) PIC's that were active in terms of initiating Title VII goals, strategies, programs and activities, had lower levels of conflict over means than did the more passive PIC's that played more of a ratification role; (3) CETA systems that were deemed to be in poor health had higher levels of conflict over means than did CETA systems that were judged to be in satisfactory health; (4) PIC's that were pleased with the performance of their staff had lower levels of conflict over means than did PIC's who showed displeasure with their staff's performance; (5) the larger the authorization of Title VII funds to a locality, the higher the level of conflict over means that occurs; and (6) PIC's that are incorporated have higher levels of conflict over means than unincorporated PIC's.

Variables that had only a negligible to no effect on the level of conflict over the means of implementation included such variables as: the size of the PIC; Region; the local unemployment rate; the type of prime sponsorship; and whether the PIC was a demonstration site.

One major difference between the variables that have a major effect on goal conflict and the variables that had a major effect on conflict over means, is that with the former, the variables were all internal in nature, whereas the latter contains a mix of both internal and external
variables. Both the variables of CETA system health, and the level of Title VII funding are external in nature. These external variables have as strong an effect in promoting programmatic conflict under PSIP as do the internal variables listed above. These variables have an effect on the program in that they cannot only severely constrain what local actors can expect to accomplish in terms of implementation, but they can also lead to local actors competing against one another and ultimately being in conflict with one another.

Two illustrations of this point are useful here. The first situation finds a PIC located in a prime sponsorship where the existing CETA system is viewed quite negatively by both the public and the local business community. This puts the PIC in a situation of trying to overcome this negative image by proving to the private sector that not only is the PIC separated and far removed from CETA, but that it can perform better as well. However, this posture on the part of the PIC may spark concern within the CETA system that the PIC may ultimately "show them up." The PIC increasingly becomes seen as a rival for scarce resources by the prime sponsor rather than as a partner.

Another scenario can have the PIC in a prime sponsorship which has received a large Title VII authorization. Since the Title VII authorization then represents a
considerable pool of money, two things can possibly occur that may provoke or lead to conflict. First, the CETA system may want to maintain control over these funds, something they may not have cared about if the authorization had been smaller. Secondly, more local actors (primarily traditional CETA service deliverers) may look to Title VII as a viable new source of funding. This increase in actors with varied interests may ultimately lead to the higher levels of conflict that Table 11 illustrates is occurring in PIC's that have the highest levels of Title VII funding.

Finally, Table 12 gives the tau-b correlations and their significance levels for the 14 independent variables by the combined measure of programmatic conflict that incorporates both the conflict that is occurring over PSIP goals and the means of implementing the program. Again, the stability of these variables across all three time periods (although with a few minor exceptions) again shows up. For Time 3, six variables are found to have a moderate to moderately high effect on the total amount of conflict that is occurring under the program: system health (−.47); staff quality (−.42); Title VII funds for fiscal year 1981 (.38); PIC incorporated status (.37); Demonstration site (.37); and staff independence (.35). At Time 4, many of these same variables continue to have an effect on the level of programmatic conflict: the nature of PIC activity
Table 12
Determinants of Programmatic Conflict Occurring Over Title VII (Combined Measure of Conflict)

<table>
<thead>
<tr>
<th></th>
<th>Time 3 (21)</th>
<th>Time 4 (25)</th>
<th>Time 5 (31)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Variables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff Independence</td>
<td>.35b</td>
<td>.41</td>
<td>.58</td>
</tr>
<tr>
<td>Incorporated Status</td>
<td>.37</td>
<td>.24a</td>
<td>.53</td>
</tr>
<tr>
<td>Staff Quality</td>
<td>-.42</td>
<td>-.42</td>
<td>-.21a</td>
</tr>
<tr>
<td>Nature of PIC Role</td>
<td>.05</td>
<td>.47</td>
<td>-.10a</td>
</tr>
<tr>
<td>PIC Chairman's Role</td>
<td>-.25</td>
<td>-.10</td>
<td>-.10</td>
</tr>
<tr>
<td>PIC Size</td>
<td>-.11a</td>
<td>.13a</td>
<td>.15a</td>
</tr>
<tr>
<td>External Variables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Title VII Funds (FY '81)</td>
<td>.38b</td>
<td>.47</td>
<td>-.10a</td>
</tr>
<tr>
<td>Effects of Local Economy</td>
<td>N/A</td>
<td>-.17a</td>
<td>-.42</td>
</tr>
<tr>
<td>CETA System Health</td>
<td>-.47</td>
<td>N/A</td>
<td>-.29b</td>
</tr>
<tr>
<td>Local Unemployment Rate</td>
<td>.01</td>
<td>.23a</td>
<td>-.07</td>
</tr>
<tr>
<td>(December 1980)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Unemployment Rate</td>
<td>-.01</td>
<td>.10a</td>
<td>-.08</td>
</tr>
<tr>
<td>(June 1981)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of Prime Sponsor</td>
<td>-.15</td>
<td>-.07</td>
<td>-.12</td>
</tr>
<tr>
<td>Demonstration Site</td>
<td>.37</td>
<td>.18</td>
<td>.45</td>
</tr>
<tr>
<td>Region</td>
<td>.10a</td>
<td>.02</td>
<td>.13a</td>
</tr>
</tbody>
</table>

a Correlation was significant at the .10 level.

b Correlation was significant at the .05 level.

Note: Figure in parentheses represent the number of months of PSIP implementation that have elapsed.
Title VII funds for 1981 (.47); staff quality (-.42); and staff independence (.41). Finally, at Time 5, four variables are found to have moderately high to high tau-b correlations with the combined conflict measure: staff independence (.58); Incorporated status (.53); Demonstration site (.45); and the effect of the local economic conditions (.42). None of these relationships, however, were significant at either the .05 or .10 levels.

The most consistently important variables across all three time periods were: staff quality; Title VII funds for fiscal year 1981; incorporated status; demonstration site, and PIC staff independence. The relationships between most of these variables and conflict were reported earlier and need not be repeated here. However, the one new relationship that shows up under the combined measure that did not surface previously is the relationship between conflict and whether or not a PIC was located in a PSIP demonstration site.

Here it was found that prime sponsorships that were demonstration sites for the PSIP program have higher levels of programmatic conflict than do sites that were not Title VII demonstration sites. For instance, at Time 5 in PSIP's development, all or 100% of the PIC demonstration sites that were included in the Mershon Center study (n=9) had instances of programmatic conflict occurring. In contrast
to this, only 60% of the nondemonstration sites had conflict occurring.

Earlier, it had been suggested that demonstration sites would have lower levels of conflict than nondemonstration sites, both due to their history of good private sector involvement and their "head-start" towards institution-building. However, what we see is that the opposite is occurring under the PSIP program. Title VII demonstration sites despite their implementation "head-start" and previous records of favorable private sector interactions tend to have higher levels of conflict than do nondemonstration sites. One possible explanation for this phenomenon is that due to their demonstration status, these particular sites have had more time for relationships between actors to erode over various controversial issues. Thus, in the end conflict occurs more frequently in these sites. The reason why conflict has not been more widespread in nondemonstration sites (although there is evidence that it is increasing), is because it is still too early in PSIP's development in these particular sites. These sites may not have begun to deal with such controversial issues as incorporation or the selection of service deliverers; issues that may ultimately spark programmatic conflict.
Alternatively, an equally plausible explanation presents itself here. The reason why demonstration sites are not performing better in terms of the level of programmatic conflict may be because they never should have been selected as a demonstration site in the first place. DOL may have had poor information on the past history of private sector participation in manpower programs when they selected the 34 demonstration sites. This poor information ultimately led DOL to make poor judgments. If this is indeed the case, then there would be no reason other than the fact that these sites had a "head-start" in implementing the program, to expect that there would be less conflict in demonstration sites.

In fact, when one checks past private sector relationships with CETA in the 9 demonstration sites included in the Ohio State study, one finds that in 67% of the cases (n=6) local actors reported that prior relationships with the private sector for that site were poor to nonexistent (information gathered by this researcher from Ohio State University's Site Reports #1, March 1979). This finding strongly indicates, that based on the criteria of medium to strong past private sector involvement, these sites should not have been chosen as Title VII demonstration sites. Thus, this finding partially explains why demonstration sites did not have lower levels of conflict than did
nondemonstration sites. Together with the "erosion theory" posited above, one arrives at a good explanation of why demonstration sites had higher levels of conflict than did nondemonstration sites.

In summary, of the determinants of conflict many of our expectations concerning the variables that would have an effect on the level of programmatic conflict were borne out. Four variables consistently were found to be important for all of the measures of programmatic conflict: PIC staff quality; Title VII funds for fiscal year 1981, PIC incorporated status; and PIC staff independence. While internal variables were found to be a predominantly important factor in explaining conflict over goals, it was a combination of a selected few internal and external variables that helped to explain programmatic conflict for the other two conflict measures. However, internal variables still tended to have the more predominant effect on programmatic conflict. This confirms our original expectation that the more manipulable and power/authority related variables would prove to be the most important in determining programmatic conflict.
Impacts of PSIP's Programmatic Conflict

Now that the determinants of conflict have been examined and analyzed, it is possible to look in the aggregate at some of the impacts that this conflict has had on PSIP's overall performance. Thus, the central question to be examined in this section is whether programmatic conflict makes a difference in terms of program performance. Do sites where conflict is occurring have lower performance levels than sites where conflict has been absent? In addition, how does the impact of programmatic conflict vary based upon different performance indicators?

A number of performance indicators may be used to measure a program's performance. This research utilizes seven separate indicators to help capture the complexity of PSIP's performance:

PSIP Importance: The first performance indicator sought to measure how important of a program PSIP was turning out to be. Local actors were simply asked for their impressions of how important they felt PSIP was turning out to be in terms of impact. Responses were placed into one of five categories: very important, moderately important, some importance, little importance, and not important at all.
Title VII Placement Rates: One measure of how well employment and training programs are performing is the total number of individuals who have successfully gained employment after undergoing some form of job training. Therefore, by dividing the total number of program participants who actually entered employment, by the number of participants who finished the training program (referred to as terminations), one can arrive at a placement rate for the program. The higher the placement rate, the more successful the program is felt to be.

However, it should be noted that a number of problems exist with using placement rates as a measure of program performance. First, there is the question of the validity of this data. It is sometimes in the best interest of a prime sponsor to report an inflated number of placements to the national level. Thus, the prime sponsor can show that on paper it seems to be doing an efficient and effective job in running these manpower programs, when in reality it is not doing so. A second more important problem with these data is that while it reflects in quantitative terms the number of people who entered employment, it says nothing about the quality of these positions. Were these people trained to be computer operators or janitors? In addition, one cannot discern from these data whether the person was placed into a job for which he/she originally
received training. That is, did a program participant who received training in computer operation find employment in that field, or did he/she have to settle for a job in a fast food restaurant? A program that trained individuals for a position in a field where there were no jobs available might be considered ineffective, despite the fact that these people eventually found some type of employment.

Despite these limitations, placement rates can and have been frequently used for giving researchers some sense of how well employment and training programs are performing. This research utilizes two different types of placement rates: first, the standard placement rate whose calculation has already been outlined; and secondly, the private sector placement rate, and as its name implies, seeks to measure how many program participants found employment in unsubsidized private sector jobs. It is calculated by dividing the total number of program participants who found employment in unsubsidized private sector jobs, by the total number of program terminations. The private sector placement rate is in particular, an important measure of PSIP performance. This is because one of the central goals of the PSIP program has been to place individuals into private sector jobs.
Individual Program Performance: While the number of placements yielded from a particular job training program may be one indicator of performance, there are also numerous other indicators that are useful in measuring program performance. One such measure is the success of the individual programs that were run under Title VII. The Ohio State University evaluation of Title VII utilized a summary measure of three separate indicators to arrive at a judgment of how well programs that were funded under Title VII performed. Title VII programs in each of the 25 sites were rated (on a scale from 0 to 3) in terms of (1) the degree to which these programs utilized private sector service deliverers (defined as private profit-making business firms and associations); (2) the innovativeness of their PSIP programs in the local context; and (3) the perceived overall successfulness of their fiscal year 1981 programs, based upon local actors judgments (Ohio State University, Final Report, November 1981, p. 67). The ratings for each of these indicators were summed, and a summary measure attained.

Economic Development: While linking the PSIP program with local economic development efforts was not one of the original goals enumerated in the Title VII law or regulations, as the PSIP program continued to develop, it became
clear that Congress wanted to see the program move towards developing "closer connections" between PSIP and economic development programs (see Employment and Training Reporter, Volume 11, No. 22, February 13, 1980, p. 629). As the House Committee on Education and Labor stated in their report on amending and extending Title VII:

At present over one-third of the Title VII plans call for specific activities in the area of coordination with economic development. It is the judgment of the Committee that this is a direction which should be strongly encouraged to provide more effective utilization of limited public funds and to assure the placement of CETA eligible individuals in publicly assisted private sector employment (House Committee on Education and Labor, Report No. 96-985, 96th Congress, 2d Session, May 15, 1980, p. 3).

Indeed, there were a number of ways in which PSIP could be linked with on-going economic development activities. PIC staff and the local economic development staff could be involved in the joint planning and/or funding of various program activities, as well as being involved in joint marketing campaigns that would attract new employers into the area.

Given this newly placed importance on developing linkages between Title VII and economic development, it is therefore necessary to include in the analysis of Title VII program performance an indicator of how well each site was doing in terms of these linkages. Thus, sites were
measured in terms of their accomplishments towards creating concrete and on-going ties between PSIP and community economic development activities.

**PIC Image in Local Business Community:** One of the main goals of the PSIP program, and one of its keys to success, was that the PIC develop a positive image in the local business community. It was hoped that through this positive image, the PIC would be able to attract more private sector employers into the program, and thus, be able to place more participants eventually in jobs located in the private sector. In addition, it was hoped that from this positive imagery the entire CETA system would have its image and reputation improved.

Therefore, an additional important measure of PSIP performance is the degree to which PICs were able to develop a positive image in the local business community. Of course, it is very difficult to measure accurately this particular indicator of PSIP performance. To get a true reading on this indicator one would have to survey a representative sample of the local business community to see if in fact the PIC had developed a positive image. Due to financial constraints, this did not seem to be the most preferable method of gathering this data for this research. Rather, one could get a relatively good sense of the PIC's
image through a more cost-effective means; that being, asking key local PSIP actors whether in their opinion, the PIC had developed a positive image in the local business community. Since many key actors in this program are from the business community and/or interact on a daily basis with the business community (e.g., Chamber of Commerce, NAB), one should be able to get a fairly accurate perception of the PIC's true image.

**PSIP Program Performance:** As discussed in Chapter 3, the Ohio State evaluation of Title VII utilized a measure of total PSIP performance that was based upon seven separate indicators that they felt gave them a broad view of outcomes on participants and institutions. As outlined earlier, the seven indicators of program performance that were used were: (1) the extent of ties between the PSIP program and the CETA system; (2) the extent to which PSIP has stimulated some changes in the rest of the local CETA system; (3) the extent and form of business participation in employment and training program; (4) the quality of jobs for which PSIP training was preparing participants; (5) the extent to which placements for PSIP graduates were being obtained in training-related fields; (6) the extent of ties between PSIP and community economic development programs; and (7) the total importance and impact of PSIP overall in
each locality. By giving equal weight to each of the seven indicators when present in a locality, and cumulating the score, Ohio State was able to arrive at an excellent summary measure of PSIP's performance to date. Data for this measure were gathered for both Times 3 and 4 in the program's development, and are therefore utilized in this research.

Impact of Conflict Over Program Goals on Title VII Program Performance

Table 13 presents the tau-b correlations for these six program performance measures by the measure of goal conflict. What is immediately evident from this table is that there is some consistency over the impact of conflict for the three time periods that are examined here. For Time 3 the impact of conflict over goals is greatest in terms of Title VII placement rates. Both the private sector placement rate (-.70) and placement rate (-.49) have a high tau-b correlation with the conflict over goals measure. However, as the negative signs in front of these correlations indicate, the relationship here is in the opposite or unexpected direction. That is, one would have expected that sites where conflict was absent to have higher placement rates than sites where conflict was found to be present. As a study done on CETA prime sponsorship management
Table 13
Impact of Conflict Over Programmatic Goals on PSIP Performance

<table>
<thead>
<tr>
<th></th>
<th>Time 3 (21)</th>
<th>Time 4 (25)</th>
<th>Time 5 (31)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSIP Importance</td>
<td>-.20&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.39</td>
<td>-.02</td>
</tr>
<tr>
<td>Title VII Placement Rates</td>
<td>-.49</td>
<td>-.08</td>
<td>-.04</td>
</tr>
<tr>
<td>Title VII Private Sector Placement Rates</td>
<td>-.70</td>
<td>-.39</td>
<td>-.12&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Individual Program Performance</td>
<td>-.16&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.03</td>
<td>-.15&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Linkages with Local Economic Development</td>
<td>.15&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-.15&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-.15&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>PIC Image in the Local Business Community</td>
<td>.13&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.17&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.15&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Summary Measure of Program Performance</td>
<td>-.04</td>
<td>.26&lt;sup&gt;a&lt;/sup&gt;</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<sup>a</sup> Correlation was significant at the .10 level.

Note: Figures in parentheses represent the number of months of PSIP implementation that have elapsed.
decisions found, programmatic conflict was inversely related to placement rates: "Prime Sponsors with high levels of conflict had lower placements, and prime sponsors with low conflict had higher placements" (Ohio State University Mershon Center, CETA Prime Sponsor Management Decisions and Program Goal Achievement, R and D Monograph 56, 1978, p. 89).

However, in the case of the PSIP program we find that the opposite is true. Sites where goal conflict was present had higher levels of placement rates both private sector and otherwise, than did sites where goal conflict was absent. For example, at Time 3 for the indicator of private sector placement rates, 100% of the sites (n=5) that were categorized as having a high level of placements (67% or higher) had goal conflict occurring. In contrast, 100% of the sites (n=8) that were categorized as having low placement rates (0-33%) were sites where conflict was absent.

One explanation for this finding may be that placement rates for a program are unaffected by the level of conflict that occurs over program goals. That is, just because conflict over goals is occurring between local actors, does not mean that it will have an effect on how many clients are placed in jobs through Title VII programs. Indeed, it may be the case that the goals of the program
that local actors are disagreeing over may have little bearing on how many placements are achieved from these programs. For instance, for the five cases mentioned above where there was conflict over goals present along with high placement rates, the conflict was over the following: being independent and separate from the rest of the employment and training system; increasing the involvement of the private sector in employment and training programs; and, coordinating Title VII resources with all employment and training resources. None of these conflicts, while important in terms of the future direction the PSIP program will take, are very important in terms of how many placements Title VII programs will attain. Conflict that takes place over a goal such as funding classroom training versus job preparation would have more of an effect on the level of placements because it deals directly with the type of programs or program mix that the PIC will eventually fund. Since placement rates have been known to vary depending on the nature of the program mix that is adopted by a prime sponsor, this type of goal conflict would then have an effect on the level of placements.

Another possible explanation for this finding may be that it is too early in the program's development at Time 3 to view the real impact that conflict over goals can have on the rate of placements. That is, while conflict over
PSIP goals was occurring, it had yet to reach the stage where this conflict would impair or be detrimental to placement rate performance. Indeed, the data in Table 13 tends to support this explanation. As the program progresses, the negative correlation between goal conflict and both placement rate measures decreases substantially, indicating that in the later stages of PSIP's development, conflict is having virtually no impact on the level of placements attained. Thus, the finding by Ohio State that conflict is inversely related to placement rates may indeed be a correct one even for the PSIP program. However, it is still too early in the program's development, even at Time 3 stage, to see if this prediction is correct.

A third possible explanation could be that the conflict that was occurring under Title VII was not really harmful in nature. Conflict may at times lead to positive programmatic outcomes (for evidence of this point see Ohio State University Mershon Center, R and D Monograph 56, 1978, p. 33). What may be occurring here is that conflict has taken the form of a healthy competition between the PIC and the prime sponsor over who could attain the highest number of placements. Thus, you would find high levels of conflict along with high levels of placements.

Finally, another possible explanation may be that the placement rate data from this early in the PSIP program are
so poor in adequately representing PSIP achievements that it calls into question the validity of this finding. For instance, some sites may have placed relatively few participants not because of high levels of programmatic conflict, but rather because participants were still undergoing training.

While for Time 3 the placement rate measures had high correlations with the goal conflict measure, for Times 4 and 5, only one other performance measure achieves a moderate correlation with conflict, that being, the measure of PSIP's local importance. It was found that conflict over goals was inversely related to PSIP's local importance. The lower the level of conflict over goals, the more important PSIP was judged to be locally. For example, for Time 4, 82% of the sites (n=9) where PSIP was judged to be moderately or very important in terms of local impact, were also sites where conflict over goals was absent.

In summary, the impact that conflict over goals has on PSIP's program performance is not very extensive. Goal conflict has its greatest impact on program performance in the early stages of the program's development. As the program develops and goals have been set, conflict's impact on performance is decreased.
Impact of Conflict Over Implementation Means on Title VII Program Performance

Table 14 presents the tau-b correlations for the seven program measures by the measure of conflict over implementation means. For Time 3 moderate to moderately high correlations between programmatic conflict and the following program performance measures were obtained: private sector placement rate (.52); placement rates (.42); individual program performance (.25); and the Ohio State summary measure of Title VII performance (-.22). Only the individual program performance and the summary measure of Title VII performance were significant, however, at the .10 level.

Again, the same relationship that was found between goal conflict and placement rates is also found between conflict over means and the placement rate measures. That is, sites where conflict over implementation means was present had higher placement rates than did sites where conflict over means was absent. This same sort of unexpected relationship also shows up in regards to the individual program performance measure. Here, as with placement rates, those sites where conflict was present had higher levels of individual program performance, than sites where conflict was absent. Indeed, one would have expected the opposite; that sites where no conflict had occurred
Table 14
Impacts of Conflict Over Implementation Means on PSIP Performance

<table>
<thead>
<tr>
<th></th>
<th>Time 3 (21)</th>
<th>Time 4 (25)</th>
<th>Time 5 (31)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSIP Importance</td>
<td>.02</td>
<td>-.41</td>
<td>-.17&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Title VII Placement Rates</td>
<td>.42</td>
<td>.14&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.14&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Title VII Private Sector</td>
<td>.52</td>
<td>.28&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.25&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Placement Rates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual Program Performance</td>
<td>.25&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.01</td>
<td>-.10&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Linkages with Local</td>
<td>-.14&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.10&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.19&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Economic Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PIC Image in the Local</td>
<td>-.15</td>
<td>-.14</td>
<td>-.26</td>
</tr>
<tr>
<td>Business Community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summary Measure of PSIP</td>
<td>-.22&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-.56</td>
<td>N/A</td>
</tr>
<tr>
<td>Program Performance</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> Correlation was significant at the .10 level.

Note: Figure in parentheses represent the number of months of PSIP implementation that have elapsed.
would have the more successful programs.

However, one when turns to examine the three indicators that make up the individual program performance measure, an explanation for the observed relationship readily appears. The reader will remember that the individual program performance measure was comprised of the following three indicators: (1) private sector service deliverer utilization; (2) innovativeness of the training program; and (3) the perceived success of the programs. Both 1 and 2 above require some change or alteration in the standard or traditional way prime sponsors have run employment and training programs in the past. Indeed, there may be a number of attempts by local actors to limit the number of private sector deliverers as well as the innovativeness of PSIP programs. Some local actors would like to see the PIC rely more upon the traditional service deliverers, as well as continue to fund traditional types of training program such as classroom training and OJT. Eventually, disagreements and conflicts would erupt between local actors over the different directions that the PSIP program could take. Thus, one might expect that sites that have made great strides towards both utilizing private sector service deliverers and funding innovative training programs, to be the same sites where conflict over means is occurring. It follows, that one reason why individual
program performance is so low in sites where conflict is absent is either because these sites have yet to come to grips with dealing with tough issues such as private sector service delivery and/or innovative training, or these sites have decided simply to stay with the more traditional ways of providing employment and training services. What is clear from this research, is that very few sites (n=1) have dealt with these controversial issues and have successfully limited conflict from taking place.

At Time 4 in PSIP's development, the correlation between conflict and the placement rate measures are greatly diminished. This serves as a good indicator that as the PSIP program has progressed, conflict over implementation means begins to have a greater negative impact on the level of placements than was seen for Time period 3. As disagreements between PIC and CETA staff over such things as incorporation, service delivery, etc., become more pronounced, the number of clients placed in jobs is reduced. For example, a CETA system that is displeased or that is jealous of the PIC may attempt to minimize PSIP's performance by slowing up critical services that are necessary for the successful operation of programs, such as OJT contract review and approval, and intake and assessment procedures. A PIC program stands little chance of achieving high placements if the CETA system does not send clients over to the
PIC or if they don't approve contracts. Thus, as conflict over means becomes more pronounced in the PSIP program, its negative impact on performance greatly increases.

For Time 4 conflict over means had the greatest impact on the Ohio State summary measure of program performance (-.56) and the PSIP Importance measure (-.41). Neither of these relationships, however, were significant at either the .05 or .10 levels. For the summary measure of PSIP program performance, it was found that sites where conflict was absent have the highest rankings in terms of program performance, whereas, sites where conflict was present had the lowest overall rankings. For example, 86% of the sites that had the highest rankings on this measure were sites where conflict was absent. In contrast, 80% of the sites that had the lowest rankings on program performance were sites where conflict was present.

Finally, for Time 5 what is of interest here are not the individual correlations between conflict over means and the performance measures, but rather the broader trend towards lower correlations between variables. Only two measures at Time 5 (positive image in the local business community, and the individual program performance measure), witness an increase in terms of conflicts impact. All other measures of program performance show a sharp decline in terms of conflicts impact upon them. This is
interesting in the sense that it suggests that while conflict and hostility between PSIP actors continues to occur in these sites, its impact on program performance is reduced.

The Impact of the Combined Measure of Conflict on PSIP Program Performance

Table 15 presents the tau-b correlations for the seven program measures by the combined measure of programmatic conflict. When one compares this table with the correlations in Table 14, one sees a striking similarity between how the program performance measures correlated with the conflict over means measure and with the combined measure of conflict. In both cases, correlations between conflict and performance progressively become lower as PSIP develops. This comparison serves to strengthen the earlier assertion that conflict's impact on program performance is greatest in the early stages of implementation and diminishes in the later stages of program implementation.

For time periods 3 through 5, only a few program performance measures achieved significant correlations with the summary measure of conflict: private sector placement rates (.33); positive image in the local business community (-.27); individual program performance (-.25); and the summary measure of program performance (-.22). What is
### Table 15
Impact of Combined Measure of Conflict on PSIP Program Performance

<table>
<thead>
<tr>
<th></th>
<th>Time 3 (21)</th>
<th>Time 4 (25)</th>
<th>Time 5 (31)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSIP Importance</td>
<td>.02</td>
<td>-.41</td>
<td>-.08(^a)</td>
</tr>
<tr>
<td>Title VII Placement Rates</td>
<td>.42</td>
<td>.14(^a)</td>
<td>.14(^a)</td>
</tr>
<tr>
<td>Title VII Private Sector</td>
<td>.53</td>
<td>.33(^b)</td>
<td>.25(^b)</td>
</tr>
<tr>
<td>Placement Rates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual Program</td>
<td>.25(^a)</td>
<td>-.06</td>
<td>.13(^a)</td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linkages with Local</td>
<td>.14(^a)</td>
<td>.20(^a)</td>
<td>.11(^a)</td>
</tr>
<tr>
<td>Economic Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PIC Image in the Local</td>
<td>-.15(^a)</td>
<td>-.12(^a)</td>
<td>-.27(^b)</td>
</tr>
<tr>
<td>Business Community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summary Measure of PSIP</td>
<td>-.22(^b)</td>
<td>-.53</td>
<td>N/A</td>
</tr>
<tr>
<td>Programm Performance</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^a\) Correlation was significant at the .10 level.

\(^b\) Correlation was significant at the .05 level.

Note: Figures in parentheses represent the number of months of PSIP implementation that have elapsed.
particularly interesting to note here is that both the private sector placement rate measure and the individual program performance measure had significant correlations with all three of the different measures of programmatic conflict that were used in this analysis. In addition, both the summary measure of program performance and the positive image in the local business community measure had significant correlations with two of the three programmatic conflict measures. The conflict over goals measure had very little impact on either of these two performance measures.

It is thus clear from these results that different types of conflict have different impacts on program performance. It should not be assumed that just because programmatic conflict is occurring during the implementation of a program that program performance will be affected. Nor should it be assumed that just because programmatic conflict is not having an effect on program performance for a particular time period, that it will not have an effect later in the program's development. This analysis has clearly shown that the impacts of programmatic conflict on PSIP's program performance are diverse and varied. The impact of conflict has been seen to vary based upon the measures of conflict that are adopted, the time frame in the program's development that is analyzed, and the program performance indicators that are utilized.
Summary and Conclusions

In conclusion, this chapter has arrived at a number of interesting findings concerning the programmatic conflict that has occurred within the PSIP program. Many of our expectations concerning what determines conflict and the impact that conflict will have on program performance were confirmed. Occasionally, some unexpected findings were uncovered such as the relationship between conflict and Title VII placement rates. In a broader sense, it was found that Title VII programmatic conflict fluctuated in degree and intensity throughout the program's implementation history. Both conflict occurring over program goals, and conflict over Title VII implementation means became more widespread as the program progressed and institution-building took place.

It was also found that "programmatic conflict" should not be considered to be a single monolithic concept. Rather, different types of conflict (e.g., goals vs. implementation means) have different sets of determinants, and diverse impacts on program performance. In the case of Title VII, it was found that conflict over means has a more profound negative effect on PSIP program performance than did conflict occurring over program goals. This finding thus lends credibility to Pressman and Wildavsky's earlier assertion that conflict over means would be a more
inhibiting factor than would conflict over ends.

Finally, this chapter has seen that the determinants of Title VII programmatic conflict do vary based on the measure of conflict employed, and the stage of implementation the program is in. Overall, internal variables such as PIC staff quality, PIC incorporated status, and PIC staff independence, were found to be the most consistently important factors in causing conflict to occur. This is important because it suggests that PIC's can have some level of control over programmatic conflict. The level of conflict is manipulable, and not dependent on external factors. Finally, it was found that programmatic conflict has had a definite impact on Title VII's program performance. Not only did the level of this impact vary based upon different measures of program performance, but also varied in terms of the stage of program development.
Chapter 5

A COMPARATIVE CASE STUDY OF PSIP CONFLICT
IN THREE PRIME SPONSORSHIPS

Introduction

In this chapter, the comparative case study approach will be utilized to examine in greater detail a number of the important questions dealing with PSIP programmatic conflict that have been raised in preceding chapters. Three prime sponsorships (Houston, Texas; Memphis/Shelby County, Tennessee; Louisville/Jefferson County, Kentucky) where Title VII programmatic conflict has been found to exist have been chosen for analysis. This Chapter begins with a brief discussion of the case study approach that is employed, and the major questions that will be addressed. An in-depth examination of each of the three prime sponsorships than follows. The chapter concludes with a summary and comparative examination of the three cases.

The Case Study Approach

The case studies presented here are longitudinal in nature in the sense that they are based on information
that has been gathered over a 2½ year period as part of the Ohio State University's national evaluation of the PSIP program. In addition, this data is supplemented by additional interviews that were conducted with local PSIP actors in June 1981. Fifteen local actors were interviewed in Houston, thirteen in Memphis, and fourteen in Louisville (see Appendix 1 for a list of respondents and their organizational affiliations). The average interview lasted approximately 1½ hours. Respondents were asked a variety of questions that sought to address their reasons for participating in the PSIP program, their role in promoting or suppressing conflict, and their viewpoint on private sector participation in government administered employment and training programs. In particular, respondents were asked questions that covered the following four areas: (1) The specific issues over which conflict had arisen; (2) How this conflict was resolved on the local level; (3) The eventual impact that this conflict had on the program's performance; and (4) The local actors or sets of actors who played the largest role in either promoting or suppressing Title VII programmatic conflict. (For a complete list of all the questions utilized in this research, see Appendix 2.)
introduction and overview of the prime sponsorship will be presented. Here, the PIC's organizational position within the prime sponsorship will be examined, as well as: the level and nature of the past private sector participation that has taken place; the "health" of the local CETA system; the local economic conditions; and the role and importance of local Title VII actors. Secondly, there will be an examination of how well the PSIP program has performed in that particular prime sponsorship. Here, the level of PSIP placement rates will be examined, as well as program performance in terms of program mix, innovativeness, and use of private sector vendors. Finally, a comprehensive examination of specific instances of PSIP programmatic conflict will be presented. Included in this examination will be an exploration of the determinants of conflict, the role that local actors have played in either promoting or surpressing conflict, the impact that conflict has had on program performance, and the ways in which programmatic conflict has been resolved or managed.

Case I: Houston

Introduction and Overview

Despite the fact that the city of Houston had been selected as a Title VII demonstration site by the U.S.
Department of Labor, PSIP here had developed very slowly, initially receiving only minor attention from local actors. The reasons for the lack of excitement over Title VII shown by local actors was relatively clear. First, the Title VII allocation in fiscal year 1979 represented only a small proportion (1%) of Houston's total CETA allocation. As Table 16 illustrates, in 1979, Title VII represented the smallest allocation of CETA funds for the Houston prime sponsorship. In subsequent years, while the allocation for Title VII has grown, it still represented less than 10% of Houston's total CETA allocation. Indeed, Titles II A, B, C, II D, and VI for the years 1979-1981, made up an average of 85% of Houston's CETA allocation. Quite naturally, the prime sponsor put the majority of its time and commitment into overseeing these Titles, giving only minor attention to this new demonstration effort.

An additional reason for this lack of initial excitement over PSIP was the fact that the majority of PIC members that were selected had very little previous experience with government administration or employment and training programs. PIC members were not given any formal introduction into the program, and thus, most had no conception of what the PIC's role and function were. As a result, many members quickly lost interest in the program, and stopped attending PIC meetings.
Table 16
Summary of Houston CETA Funding By Title: 1979-1982

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Title II A,B,C</th>
<th>Title II D</th>
<th>Title VI</th>
<th>YCCIP</th>
<th>YETP</th>
<th>Title VII</th>
<th>SYEP</th>
<th>Total</th>
<th>% Change between years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979 (of total)</td>
<td>9,213,078 (23%)</td>
<td>10,669,272 (26%)</td>
<td>17,631,135 (44%)</td>
<td>483,893 (1%)</td>
<td>1,840,103 (5%)</td>
<td>406,579 (1%)</td>
<td>N/A</td>
<td>$40,274,060 (100%)</td>
<td>(-42%)</td>
</tr>
<tr>
<td>1980 (of total)</td>
<td>8,309,805 (36%)</td>
<td>5,539,814 (24%)</td>
<td>4,930,846 (21%)</td>
<td>600,192 (3%)</td>
<td>2,496,543 (11%)</td>
<td>1,378,146 (6%)</td>
<td>N/A</td>
<td>$23,255,346 (101%)*</td>
<td>(-5%)</td>
</tr>
<tr>
<td>1981 (of total)</td>
<td>7,478,825 (34%)</td>
<td>6,777,419 (31%)</td>
<td>3,523,506 (16%)</td>
<td>574,244 (3%)</td>
<td>2,409,713 (11%)</td>
<td>1,255,052 (6%)</td>
<td>N/A</td>
<td>$22,019,859 (101%)*</td>
<td>(-51%)</td>
</tr>
<tr>
<td>1982 (of total)</td>
<td>6,284,799 (58%)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>933,890 (5%)</td>
<td>3,588,418 (33%)</td>
<td>10,807,107 (100%)</td>
<td></td>
</tr>
</tbody>
</table>

*error due to rounding

YCCIP: Youth Community Conservation and Improvement Program
YETP: Youth Employment and Training Program
SYEP: Summer Youth Employment Program

Source: Employment and Training Administration.
PIC's Organizational Position

Houston has a mayor-council form of government in which the Mayor and fourteen councilmen (five elected at-large and nine from single member districts) serve as the legislative body. These 15 officials and the City Controller are elected for two year terms which run concurrently. A County Judge and four Commissioners perform the principle administrative and legislative functions for Harris County.

Despite its incorporated status, the Houston PIC had been deeply embedded within Houston's governmental structure since its very inception. Organizationally, the PIC was under the control and within the confines of the prime sponsor. In particular, the PIC was responsible to the CETA Program Division (CPD), an agency that is located within the Office of the Mayor. CPD was created by the City of Houston as the mechanism for handling grants received from the federal government through the Department of Labor. As a local conduit, CPD is totally funded by federal dollars. It does not use general revenues and is not in the general budget. Instead, the Houston City Council must approve prior to each fiscal year a Comprehensive Employment and Training Plan, and Annual and Master Subparts, which act as the general instrument under which CPD operates for the next fiscal year.
Due to the organizational position of the Houston PIC, it had to rely heavily on the performance of CPD before it was in a position to implement major portions of the Title VII program. For example, all program contracts (except on-the-job training) between the PIC and a program contractor had to be first approved by CPD before they could go into effect. CPD had to approve or disapprove PIC contracts "as soon as possible" but in no event later than ten working days after receipt of the proposed contract. In addition to approving PIC contracts, CPD was directly involved in Title VII's implementation in the sense that they had responsibility over such functions as: completing client intake forms, retaining and storing these forms, tracking eligible participants throughout Title VII programs, processing PIC paychecks and other financial Title VII paperwork.

One particular interesting feature of the PIC's organizational position is the nature of the PIC's incorporated status. The Houston PIC was very quick to incorporate, doing so in the first few months of the program's implementation. Whereas other PICs have chosen to incorporate because the membership decided it would be a positive step in assuring PSIP's success, the Houston PIC had the matter of incorporation forced upon them by the prime sponsor. Indeed, Houston's CPD office required that the PIC be
incorporated and bonded before they would release any of the Title VII planning money. Local actors reported that CPD's decision to require incorporation was made in the hopes that it would serve as a "roadblock" to PSIP performance and progress by discouraging PIC members. It was CPD's hope that PIC members would resign, and be replaced by more "manipulable" members. However, in the end CPD's strategy did not work. The PIC was able to handle the incorporation process very quickly and efficiently, hiring an attorney to handle the incorporation and contracting procedures.

The incorporation process in Houston severely strained the relationship between the PIC and the prime sponsor. Organizationally, the prime sponsor staff in the early days of PSIP did virtually nothing to facilitate the development of the PIC. PIC members charged that the prime sponsor was slow to appoint the required additional members to the PIC, and provide very much needed technical assistance. In contrast, the prime sponsor charged that the members of the PIC and the PIC staff had little experience in the manpower area, and had a very inaccurate understanding of government administrative processes and procedures. As an end result of these differences, very little communication or cooperation occurred between these two organizations.
Private Sector Participation

Prior to the Houston PSIP program, ties between CETA and the business community were virtually nonexistent. While some private sector firms sat on the prime sponsor's Manpower Advisory Council (MAC), they represented only a small proportion of Houston's businesses. In addition, these representatives were largely from small businesses, and were not well-known within the broader business community. Large corporations had virtually no ties with the CETA system.

In addition, prior to PSIP there had been very few linkages between CETA and representatives of the business community, such as the National Alliance of Business or the Houston Chamber of Commerce. In fact, quite a lot of hostility existed between CETA and NAB as a result of a 1976 joint venture that sought to develop jobs for the poor. This cooperative venture unfortunately turned out to be a dismal failure by all local accounts. NAB officials placed the blame on CETA, arguing that CPD had failed to supply quality clients for the program. CPD on the other hand blamed NAB for the program's failure, arguing that NAB did not develop high quality jobs for participants.

In Houston, there were two principal impediments to pre-PSIP private sector involvement. First, CPD concentrated the vast majority of its interest towards public
service employment. As Table 16 illustrates, in the late seventies PSE funding (Title VI) made up a substantial part of the total CETA allocation. However, this was not the sole reason why CPD was so interested in PSE. Rather, their interest also stemmed from the political benefits that could be gained from using PSE funds. Indeed, various studies of PSE under CETA have found that PSE workers were used to bolster inadequate staffing in service areas such as law enforcement, education, fire protection, health care and hospital maintenance. As Snedeker and Snedeker point out:

Because high unemployment rates substantially increase the demand on state and local agencies for social services, CETA enrollees were a valued source of manpower to those government officials who needed extra workers in order to meet the increased demands for public assistance grants, food stamps, unemployment insurance, public health, and nutrition services (Snedeker and Snedeker, 1978, p. 227).

Local actors reported that it was quite common in Houston for PSE funds to be used for political purposes. Indeed, the Houston newspapers have uncovered numerous instances where PSE funds were used politically, even to the point of using PSE workers for campaign related activities (Houston Chronicle, November 25, 1978, p. 1).

Because of CPD's PSE orientation, very little attention was given to creating linkages with the private sector and/or developing private sector placements. As the
newly appointed CPD executive director pointed out about his predecessors administration: "The attitude of the previous CPD administration was that we don't need a private sector. They had come out of an era of very large CETA budgets.... Their orientation was all public sector." Thus, CETA in Houston had come to take on a very public sector orientation, to the almost total exclusion of the private sector.

The second impediment to pre-PSIP private sector involvement in Houston really lies in the political and social culture that had developed in this part of the United States. A number of local actors pointed out that in general, residents of this area had a very low opinion of the utility and usefulness of government social programs. In addition, they pointed out that the Houston business community was very conservative in nature, and largely opposed to federal "give-aways" such as CETA. As a result of these attitudes, the business community in Houston had come to view CETA in very negative terms, and were not overly anxious to get involved with CETA or with any other government social program. Indeed, in Houston, the private sector was frequently utilized to provide traditional social services. As Louie Welch, former Mayor of Houston for 10 years and president of Houston's Chamber of Commerce noted:
We've always been behind on city services. We don't sweep streets in residential areas, and some neighborhoods hire private firms to do it. People here would rather do for themselves what they can do better instead of letting the government do it for them.... Houston's city government is operated by taxpayers, not tax users. We've not yet fallen into the hands of pressure groups seeking something special for themselves.... The voice of minorities is heard in City Hall, but they have not disenfranchised the majority. If you want to sit on your duff and draw welfare, there are a thousand better cities to go to (Louie Welch, Chicago Tribune, March 30, 1980, Section 1, p. 15).

This anti-government involvement is also clearly shown by a statement made by Roscoe Jones, the City's planning director explaining why Houston had not received any urban renewal money:

Houston is the last frontier of laissez-faire. This is a place where solutions are found through private initiatives, not federal funding.... Washington controls people. What they're doing is reminiscent of the Spanish Inquisition. People must be free to do their thing, even if it means an ugly development or an ugly street (Roscoe Jones, Quoted in Chicago Tribune, March 30, 1980, Section 1, p. 15).

It is clear that any public-private partnership in Houston that hoped for success would first have to soothe the fears of the business community.

CETA System Health

During the course of PSIP's implementation, the Houston CETA system had been in extremely poor health. There
had been widespread fraud and abuse within the system, which had the ultimate effect of creating a very negative image for CETA in the local community. A few of the problems of CPD included such things as: a complex organizational structure, a high turnover of key executives, inadequate control of documents, budgets that were not readily available, and reports that did not accurately reflect the conditions of programs.

Indeed, a 1979 management audit of CPD performance conducted by a private accounting firm uncovered a number of "deficiencies" in the Houston CETA program. For instance, the audit found that: (1) there was poor planning of programs by CPD staff that was in part the cause of underenrollment in some programs; (2) management direction and control of CPD activities had been inadequate; (3) the Mayor's Advisory and Planning Council (a citizen body set-up under CETA to help direct local operations) had not operated properly; and (4) there had been a lack of clearly defined goals and responsibilities at CPD, and that when problems arose under the program, the staff was slow to correct them (Houston Chronicle, March 23, 1979, Section 4, p. 1).

One indication of CPD's poor management techniques were clearly shown by an examination of CPD's program participant files conducted by the private accounting firms
audit. In three different samples of 124 each, the audit found that 43.5%, 39.5%, and 28.2% of the people were actually ineligible for the programs they had been enrolled in. In addition, the audit concluded that only two out of the more than 70 programs that the Houston CETA system had funded, had met or exceeded planned levels of service to the public (Houston Chronicle, March 30, 1979, Section 1, p. 14).

CPD offered two explanations to account for their poor performance record. First, they felt that part of the problem was the fact that CPD was seriously understaffed. They claimed there were simply not enough staff members (N=56) to handle the workload they received. A second explanation offered by CPD's administrators was that CETA implementation was severely hampered by the complex structure of Houston's city government. As the ex-CPD executive director pointed out: "Coordination between CETA Programs Division, Legal Department, the Mayor's Office, the City Controller, the City Secretary, and the City Council is both difficult and unwieldy, resulting in long delays in the processing of necessary documents" (Johnny Brown, Memo on the CETA Program Division, no date supplied, p. 13).

One of the consequences of these management problems and charges of political payoffs, was that it led to a lot
of highly negative publicity in the local media. The majority of local actors felt that this close scrutiny of CETA by the press had severely hurt CETA's image in the local business community. The Mayor of Houston pointed out that the reason for much of this publicity was not that CETA really had performed poorly, but rather because "a particular Houston newspaper has a vendetta against these type of government programs." Despite the motivation behind the type of publicity that the local CETA program has received, it is clear that the Houston CETA program did have a number of serious internal problems, and as a result, had a negative image among the Houston business community.

Local Economic Conditions

Houston is one of several Sun Belt cities with an above average economic growth rate. A large part of the growth in recent years is attributable to expanding markets for local industries, relocation of firms, and an ever increasing in-migration to the area. One of Houston's greatest strengths is in the industrial/manufacturing area. For instance, during the 1970's, Houston SMSA consistently ranked first nationally in the area of new capital expenditures in manufacturing ($2.35 billion), and value of manufacturers shipment ($22.89 billion). (See Survey of
Manufacturers 1970-1980). As of December 1979, manufacturing plants in the Houston SMSA employed 231,800 wage earners, 60.4% in durable goods and 39.6% in nondurable goods. Petroleum refining and chemicals accounted for 22.2% of total manufacturing employment; fabricated metals and nonelectric machinery, 38.2% (County and City Data Book, 1977).

As a result of Houston's tremendous economic growth, it has attained a reputation for being a full-employment city, whose average unemployment rate is approximately 3.3%. However, the city's symbol of wealth, and its overall low unemployment rate, belie the hard-core poverty afflicting blacks, who constitute 26% of the population. Indeed, approximately 25% of all black families within the Houston SMSA are below the poverty level, with unemployment among black youths averaging 40%. As one local manpower official stated: "You can count on one hand the number of blacks and chicano's who are making it here. It's almost impossible for black businesses to get started, and jobs available to minorities are low-paying."

Two features of Houston's economy have had an effect on the PSIP program: (1) the degree to which local employers provide jobs for illegal aliens; and (2) the rate of worker migration into the Houston area. Local manpower officials pointed out, that a large percent of the manual
labor jobs in Houston, particularly in the construction trades, are being filled by illegal aliens who are willing to work for wages that others would not be so inclined to work for. Ultimately, this situation caused a two-fold problem concerning the success of PSIP. First, employers had a relatively cheap labor pool to make use of. Not only was the employee that they hired willing to work for a low wage, but they were highly motivated as well. Secondly, as one PIC member pointed out, even if an employer wanted to get involved in the PSIP program, it would be very difficult to attract clients who would be willing to do this work for any extended period of time.

Worker migration into the Houston area has also had an effect on the PSIP program. It should be remembered that Houston's economy is largely energy related, and the level of skill required for these positions tended to be quite high. Because a large number of skilled workers had migrated to the Houston area to compete for these jobs, employers found no real need or incentive to become involved in the PSIP program.

Role and Importance of Local Actors

In this section, the role and importance of local PSIP actors will be reviewed. This will receive only brief attention here, since the importance of and
interrelationships between local PSIP actors will be examined in greater detail in the section on specific instances of programmatic conflict. Here, the only goal is to present an overview of the central PSIP actors and their involvement in the program.

In the early stages of PSIP's implementation, three sets of manpower actors were primarily involved: CPD staff members, local political officials, and a single representative of organized labor. The CPD staff's involvement in the program grew out of their concern and mistrust over what the PIC was planning to do under this Title. Thus, CPD staff intervened into Title VII implementation so that they could have a direct role in shaping the PSIP program. They required as a condition for disbursing planning grant money that the PIC meet several conditions. They required the PIC to establish a formal organizational structure, develop a written plan, incorporate, and that a formal contractual agreement be signed by the PIC and CPD.

Local political officials involvement in PSIP did not come voluntarily. Rather, they were pushed into the program by other local actors, in the hopes that they could solve some of the programmatic conflict that was developing between CPD and the PIC. During these early stages of PSIP development then, Houston political officials role in the program was little more than being an understanding
marriage counselor. It was their job to smooth over the conflicts and disagreements that were occurring between these newlywed Title VII partners.

Finally, in the early stages of the program, there was token labor official involvement. Here again, their role in the program was not voluntary, but rather forced upon them. Labor's initial role in Title VII was simply to provide a direct conduit to the Mayor's office for the PIC Chairman so that he could discuss his frustrations with CPD and their refusal to release Title VII planning funds.

Other actors during this time period had been of only secondary importance. Local educational agencies, CBO's, the Texas Employment Service, NAB, and other local business organizations really showed no interest in the program. Only one local CBO, Ser-Jobs for Progress, had shown some interest in terms of receiving future Title VII funding.

During the mid-point in PSIP's implementation, after some 15 to 17 months of performance, three sets of actors were playing important roles. The first set of actors, who also were the most influential, were the PIC Chairman, the PIC Executive Director, PIC members, and the PIC staff. These individuals were active in making the day to day decisions about the PIC, as well as handling planning and programmatic choices. Within this set of actors, the Executive Director had been the most important, closely
followed by the PIC Chairman. PIC members who sat on the
PIC's executive subcommittee were the most influential of
the 13 individuals who were serving as members at that
time.

The second set of influential actors in making deci­sions concerning PSIP during this time-frame were local
political officials, chiefly the Mayor and one of his top
aides. Both of these individuals, an earlier outlined,
continued their marriage counselor role; trying to settle
the disputes that arose between the PIC and CPD. The City
Controller's office was increasingly becoming an important
actor in PSIP. Because of Houston's system of government,
repayment of PIC expenses such as paychecks, automobile
mileage, etc., had to go directly through the Controller's
office. Since the Controller's office had been a stickler
for precise forms, long delays in repayment were common.

In the later stages of PSIP's implementation, after
some 27-31 months had elapsed, the number of actors playing
important roles in the program dramatically declined. At
this point in the program, only the newly elected PIC Chair­
man, the PIC staff and prime sponsor staff were crucial
actors in shaping PSIP content. The new PIC Chairman,
though inexperienced in manpower affairs and government
administration, did play a very active role in the program.
Not only did he help to formulate new goals for the
program, but he also used his business expertise to help the PIC resolve many of its financial difficulties that had occurred due to past mismanagement.

PIC staff continued to play an important part in the program, in the sense that they had become the primary actor in initiating, developing, and shaping the programs and activities the PIC funded. Indeed, in the later stages of Houston's PSIP program, the PIC board served largely in a ratifying capacity, in that they very passively ratified or slightly modified PIC staff proposals. Their innovative contribution to PSIP was described as being practically nothing.

Houston PSIP Performance

The purpose of this section is to provide the reader with a general overview of how well Title VII has performed during its first 2½ years of implementation. This overview will be useful in later viewing how specific instances of programmatic conflict have had an impact on program performance. As was discussed in Chapter 4, there are numerous ways of examining and measuring Title VII performance. Since the objective here is not to present a complete or exhaustive examination of Title VII performance, but rather a brief overview, only the major features of Title VII's performance will be explored. These features
include: Title VII program mix, placement rates, the perceived innovativeness of training programs, the proportion of private sector service deliverers utilized, and the degree of business participation attained.

During the course of PSIP's implementation, the PIC funded four major training programs: (1) a job preparation course operated by the PIC staff that sought to give clients motivational training, skills testing, self-marketing skills, and interview training; (2) an on-the-job training program, run by Ser-Jobs for Progress, that was specifically targeted towards meeting the needs of large companies; (3) a welding training program that was operated by a local private for profit firm; and (4) an "Internship for Youth" program operated by the PIC staff, that sought to take 40 graduating seniors from local high schools and give them world of work career development.

Unfortunately, due to the lack of rigorous record keeping in Title VII (or all of CETA for that matter), it is impossible to ascertain the performance record of these individual programs. Instead one must rely on aggregate data gathered on all of Houston's Title VII programs, and the general perceptions of local manpower actors. As Table 17 points out, in terms of placement rates, Houston's PSIP programs compared favorably with the national average and the average of the 25 study sites in the Ohio State
Table 17

Houston Title VII Program Outcomes Compared with National and Sample Data

<table>
<thead>
<tr>
<th></th>
<th>10/1/79-9/30/80</th>
<th>10/1/80-6/30/81</th>
<th>National Average 9/30/80</th>
<th>Ohio State Average 9/30/80</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placement Rate</td>
<td>43%</td>
<td>54%</td>
<td>42%</td>
<td>42%</td>
</tr>
<tr>
<td>Private Sector Placement Rate</td>
<td>26%</td>
<td>48%</td>
<td>34%</td>
<td>37%</td>
</tr>
<tr>
<td>Cost Per Participant</td>
<td>$1,844</td>
<td>$1,588</td>
<td>$1,856</td>
<td>$1,657a</td>
</tr>
<tr>
<td>Cost Per Unsubsidized Placement</td>
<td>5,842</td>
<td>4,039</td>
<td>7,878</td>
<td>5,069a</td>
</tr>
<tr>
<td>Cost Per Private Sector Placement</td>
<td>9,690</td>
<td>4,572</td>
<td>9,782</td>
<td>5,538b</td>
</tr>
<tr>
<td>% Wage Change After Training</td>
<td>N/A</td>
<td>18%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

a Number of sites equal to 19;  b Number of sites equal to 17

evaluation. The one major significant difference between Houston's performance as compared to the national and Ohio State averages, is the low level of private sector placements that Houston programs achieved during FY '80. As for cost per placement figures, there was very little difference between the Houston and national and Ohio State averages.

In terms of the performance of individual Houston training programs, the PIC reported that its job preparation course had an average placement rate of 78%, and thus was considered to be its most successful program. However, it should be noted that despite this rather high placement rate figure, a number of local actors pointed out that the type and quality of jobs individuals were being placed into under this program were low-paying and menial in nature.

Whereas Table 17 made comparisons between Houston's program performance and the national and Ohio State study's averages, another useful method of examining Houston's performance is to compare PSIP data with performance data from two similar CETA programs being run in Houston: Title II B, C and the Skills Training Improvement Program (STIP). The performance data from these programs provide a reasonable benchmark to use in assessing Title VII data. However, it should be noted that in making such a comparison one cannot really say that one program out performed the other simply because a program's placement rate is higher.
Despite these programs similarities, they do have somewhat different aims and implementation procedures that rule out making such broad sweeping statements.

As Table 18 illustrates, Houston Title VII programs in terms of their placement rates performed comparably well to II B, C and STIP. PSIP's placement rate figures tend to be lower than STIP's and marginally higher than II B, C. However, the STIP cost per placement is almost triple that of PSIP and II B, C. One major difference between PSIP and these two other programs that is made apparent by Table 18, is that the degree of underspending in PSIP is considerably higher than it is for the other two programs. Under PSIP, only 58% of its total authorization was expended, whereas for II B, C and STIP, 93% and 80% respectively were expended.

As was previously discussed in Chapter 4, there are numerous problems with using placement rates as the sole measure of program performance. It was noted at that time, that equally important were indicators such as the degree of innovativeness of the training program, and the percent of private sector vendors that were being utilized. Therefore, local actors were asked the degree to which they felt Title VII programs were innovative in the local context, and the extent to which private sector vendors had been utilized. On both of these indicators, the Houston PSIP
Table 18

Houston Title VII Program Outcomes Compared with Other CETA Programs for Fiscal Year 1980

<table>
<thead>
<tr>
<th></th>
<th>Title VII</th>
<th>Title II B,C</th>
<th>STIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placement</td>
<td>43%</td>
<td>31%</td>
<td>53%</td>
</tr>
<tr>
<td>Private Sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Placement Rate</td>
<td>26%</td>
<td>25%</td>
<td>52%</td>
</tr>
<tr>
<td>Cost Per Placement</td>
<td>$5,843</td>
<td>$5,214</td>
<td>$14,833</td>
</tr>
<tr>
<td>Total Funds Authorized</td>
<td>$1,778,000</td>
<td>$6,528,000</td>
<td>$2,020,000</td>
</tr>
<tr>
<td>Total Funds Expended</td>
<td>$795,000</td>
<td>$6,053,000</td>
<td>$1,617,000</td>
</tr>
<tr>
<td>Percent Of Funds Spent</td>
<td>58%</td>
<td>93%</td>
<td>80%</td>
</tr>
</tbody>
</table>

program received low ratings. Indeed, the only PIC program that was viewed by local actors as being innovative in the local context was the Internship for Youth program. It was viewed as being innovative in the sense that it was not specifically placement oriented. Here, the PIC was concerned with helping the individual look and choose the right career, rather than simply placing the individual into a job. Local actors felt that all of the other PIC funded programs like the job preparation course and OJT were not innovative, and had been tried before in other CETA titles. In addition, local actors reported that over the course of its implementation, PSIP had made use of only a few private for profit vendors, relying instead on traditional service deliverers and the PIC staff.

A central goal of the Title VII effort was to increase private sector participation in employment and training decision-making. Thus, it is appropriate to measure PSIP’s performance in terms of how successful it was in meeting this goal. Local PSIP actors were asked a series of questions that asked them to assess the extent and significance of the business participation in employment and training programs that PSIP had stimulated. Respondents felt that there were three principle ways in which business had participated in the Houston PSIP effort: (1) by sitting on the PIC board and executive council; (2) by giving
advice on training curricula; and (3) by lending their management skills and expertise to the administration of the PIC. However, respondents also felt that this business participation had been very limited in nature, and that it had been of only slight importance. As evidence of this, respondents pointed to the fact that there was only one private sector representative on the PIC's executive governing council, a committee usually reserved for private sector representatives. The rest of the members were either public sector officials or representatives of CBO's. In addition, respondents reported that PSIP had not increased the level of business participation in the rest of the employment and training system. Thus in Houston, PSIP failed to achieve the important "carry-over" effect that DOL originally envisioned Title VII as having.

In summary, the Houston PSIP program met with only limited success. While some of PIC's programs were able to achieve a high placement rate, these placements tended to be low in quality. PIC programs were not innovative in nature, nor did they consistently utilize private sector vendors. PSIP did not stimulate the interest or participation of the local business community to a significant degree, and therefore, failed to achieve visibility and/or credibility with local employers. Finally, the PIC failed to successfully develop any productive or useful links
between other manpower agencies or other economic development efforts.

Programmatic Conflict in the Houston PSIP Program

Now that the Houston PSIP program has been placed into context, it is possible to turn towards examining the role programmatic conflict has played in this site. In this section, specific instances of PSIP conflict will be examined, in the hopes that through this exploration, the nature, the determinants, and the impacts of PSIP programmatic conflict can be further delineated.

Local PSIP actors were asked a series of questions that sought to ascertain in a very open-ended fashion whether: (1) programmatic conflict had occurred under PSIP; (2) the types of issues that were involved; and (3) the major actors who played a role in this conflict. Respondents answers can be divided into two separate categories: (1) conflict that occurred over program goals; and (2) conflict that occurred over the means of implementation.

To detail the exact nature of all of the programmatic conflict that respondents listed as taking place under PSIP would be a very lengthy undertaking that would add very little to the overall objectives of this analysis. This is because much of the programmatic conflict that was
mentioned by local actors were very minor in nature. Rather than detailing all of the conflict that occurred under PSIP, this section and the following case studies will seek to deal comprehensively with only that conflict that local actors considered to be major in scope and importance.

Conflict Over PSIP Goals

The majority of the programmatic conflict over Houston PSIP goals occurred during the program's first year of implementation. PSIP goals such as increasing the involvement of the private sector in employment and training programs, marketing the PSIP and CETA programs to the local business community, and running innovative training programs frequently evoked disagreement and conflict between Title VII actors. However, the majority of conflict that occurred over goals in Houston, centered around one fundamental issue: the ultimate autonomy of the PIC. That is, should the goal of PSIP be to create a separate organization that would compete with the already present manpower system, or should the goal of PSIP be to create an organization that would be integrated into the present CETA system and that would work in concert with it. In Houston, there was a clear division between local actors over this goal.
PIC members and PIC staffers held very ambitious goals for the PSIP program. Their goal after they had met CPD's requirement of incorporation, was to become completely independent and autonomous from the CETA system. Indeed, the PIC's first Chairman stated that he wanted to see the PIC become a major service deliverer for the area, with the ultimate objective of "taking over the CETA system in Houston." Other PIC members (who were from the private sector) echoed this sentiment and felt that through good management, demonstrated effectiveness, and development of close productive ties with the private sector they would be able to achieve this goal.

In stark contrast to this viewpoint, the Mayor's Office and CPD staff held a very different goal for the PIC. Both the Mayor's aide for manpower affairs and CPD staff members reported that they originally wanted the PIC to become a partner with CPD. They saw PIC as becoming integrated with CPD and providing services such as the marketing of the CETA system, a service that CPD could not ordinarily provide. As one CETA staff official remarked: "We wanted to prevent duplication of CPD programs, and to tap potential PIC support in the business community."

While not articulated by any local actor, it also seems quite plausible that CPD was also interested in having the PIC become integrated into its own operation so that it
could gain control over a portion of the Title VII funds.

It is clear that over this autonomy goal, there were distinct differences between local actors. The PIC and its staff pushed for PIC independence, while at the same time, the Mayor and CPD staff pushed for a PIC that would be integrated with CPD. Out of these differences, grew a great deal of programmatic conflict that created a lot of hostility and tension between these two actors. This hostility manifested itself in a number of different ways. For instance, as one local actor pointed out, CPD was very threatened by the PIC's autonomy goal, and did its utmost to contain the PIC and prevent its success by setting up obstacles in the way of implementation. The principal one's centered around forcing the PIC to incorporate, controlling the client intake system (thus determining the quality of clients the PIC would receive), and controlling the mechanism for disbursing funds to the PIC. These obstacles, born out of CPD's distrust of PIC motives, simply escalated the degree of conflict and animosity between CPD and the PIC.

Local actors were split on the reasons behind why this conflict between CPD and the PIC took place. That is, why was there such a wide division between CPD and the PIC over the autonomy and fundamental role of the PIC? Is the answer simply that the two groups read the same Title VII
law and regulations but came up with different interpretations? When asked to explain the reasons behind this conflict, local actors were clearly split over its causes. Some local actors believed that the root of this conflict was embedded in the basic philosophies that each group brought into the Title VII program. These individuals believed that both the public and private sectors came into this program with the firm belief that the other did not know how to properly run a manpower program. Each felt that the other sector had no real conception of the problems at hand, and should therefore stay out of the business of manpower training altogether. That is, the public sector felt that the private sector had failed the disadvantaged in the first place and that was why a public sector effort was needed. Whereas, the private sector felt that this problem was beyond the capabilities of governmental intervention, that a private sector solution was necessary.

Indeed, a good illustration of this philosophy came from a PIC member who represented the private sector: "We (the PIC) believe that the public sector does not understand how to run a manpower program. They don't understand training. They don't realize the skills, what it takes to train a person. It's the PIC's job to show them...."

Yet the philosophical explanation for this conflict does not hold up under close scrutiny. To measure the
degree of philosophical differences between the two sector on this point, local actors were asked the following two questions: Are there any specific areas in running manpower programs in which you feel the private sector can do a better job than the public sector? Are there any specific areas in running manpower programs in which you feel the public sector can do a better job than the private sector?

Interestingly, all local actors felt that there were specific areas in running manpower programs where the "other" sector would be superior. No respondent answered that the particular sector they represented could handle all of the aspects of a manpower program better than the other sector. For instance, there was a great deal of agreement by respondents that the private sector could do a better job of actually training individuals for specific jobs, as well as handling a large portion of the administration of these programs more efficiently. As the Mayor's aide for manpower affairs stated: "The private sector can do a better job of fiscal and financial accountability. They have the ability to make the highest and best use of resources. They can teach us many lessons..." Or as a PIC member from the private sector stated: "They (the private sector) can do better training. They can train for their own needs. Ideally they can give a combination of OJT and classroom training. In actual programs, their input is
necessary to run a more business-like program, to make it more administratively efficient."

In contrast, there was also universal agreement by local actors that the public sector was better geared towards meeting the needs of the disadvantaged, and understanding and dealing with their problems. A response from one PIC member was typical:

The public sector has a better feel for the different types of applicants, and has better communication with other agencies who recruit and train. They are also more adapt and sympathetic to the economically disadvantaged. They are aware of the health problems of the clients, transportation problems, and work habits. They (the private sector) do not understand these things.

It is clear from this discussion, that while philosophical differences did exist between local Title VII actors, they were not of such a significant magnitude that they can totally explain the reasons for the deep-rooted conflict that occurred over the autonomy goal. Indeed, some local actors felt that this conflict was not so much philosophically based, as it was organizationally and politically based. Some local actors felt that CPD sought to integrate the PIC into its own operations not out of philosophically based reasons, but rather, due to overt organizational and political reasons.

Organizationally, CPD feared the PIC out of territorial reasons that are firmly grounded in organizational
theory (see Downs, 1967, pp. 212-216). The PIC in this explanation represented a new organization with undefined borders that intruded upon CPD's policy space. As a result, CPD sought to remove this threat to its turf by trying to takeover or absorb this new organization. A variety of local actors believed that it was out of the organizational imperative that caused CPD to object so strenuously to the PIC's autonomy goal. Indeed, the following remark by the new CPD director about his predecessor illustrates CPD's organizational concern: "When Johnny Brown was the head of this division, he stated flatly that 'There will never be a PIC in Houston.' He had a mortal fear that Title VII would take over the rest of the CETA system. It was a natural fear."

Finally, a few local actors viewed the conflict over the autonomy goal as being rooted in organizational causes that had clear political overtones. It should be noted, that in Houston, the CETA program was generally perceived as a "black program run by blacks, for blacks" as one PIC member so bluntly explained. Indeed, 71% of the fifty-six full-time employees of CPD were black, while 14% were hispanic, 11% were white, and 4% were categorized as "other". All of the top administrators at CPD were black, except for one hispanic. Local actors believed that these CPD administrators came to see CETA as the only black power
base within the city, and one that they would not easily relinquish. Thus, when the PIC was established, an organization that was almost exclusively made up of white members, CPD viewed this as not only an attack on their policy space, but also, an attack on the power base of blacks within Houston city government. As one PIC member who sat on the Council's executive board stated: "In Johnny Brown (CPD Executive Director) his political concerns were quite obvious. He would do everything to stop PIC. He didn't want the white's taking over the black's only program."

In summary, the large amount of programmatic conflict that stemmed from the autonomy goal had a number of different causes. In part, the conflict was philosophically based, in the sense that both the public and private sectors had different viewpoints towards what the other sector could do for the program and the overall utility of their participation. Secondly, the conflict over the autonomy goal was seen to be in part organizationally/politically based in the sense that it represented an attack on both CPD's policy space as well as their power base within Houston city government.

Despite the clear division between local actors on the autonomy goal, resolution of this conflict did not prove to be difficult. March and Simon in their classic work on organizations have defined four possible
organizational responses to conflict: (1) problem-solving; (2) persuasion; (3) bargaining; and (4) politics. Briefly, problem-solving assumes that agents in the conflict have the same objectives and that the decision problem is one of finding new alternatives that can be agreed upon by both. Persuasion assumes that actors have common deep-level goals, and that one can convince the other to shift their shallower goals so that the conflict disappears. Bargaining assumes persistent differences in goals between organizations, but arrival at a compromise through the use of threats, falsification of position, and general gamesmanship. Finally, politics also assumes persistent differences in goals, but posits that at least one of the parties deliberately expands the arena of conflict so as to enlist the aid of outside forces. As March and Simon point out: "A basic strategy of small powers (whether organizational subunits or nation states) in their relations with large powers is not to allow those relations to be defined as bilateral but to expand the relevant parties to include potential allies" (March and Simon, 1964, p. 130).

March and Simon hypothesize that the more organizational conflict represents individual rather than intergroup conflict, the greater the use of problem-solving and persuasion processes. Conversely, the more organizational conflict represent intergroup differences, the greater the
use of bargaining and politics processes. The resolution of the autonomy question in Houston seems to lend support to their predictions. Since in this instance one is dealing with intergroup conflict, one would expect the autonomy goal to be resolved either through bargaining or politics. This is in fact what occurs. Unable to reach a compromise on the situation with CPD, the PIC turned to using both the bargaining and politics strategies in seeking a solution. First, they threatened the prime sponsor, that if they were not granted autonomy and given a free hand by the prime sponsor in Title VII matters, all the private sector representatives would resign, creating serious credibility problems for CETA with the local business community.

Secondly, they made use of the "politics" strategy by seeking the aid of outside forces. First they contacted local labor officials who were close friends with Secretary of Labor in Dallas so that they could put pressure on CPD to withdraw their resistance. Secondly, they contacted a close personal friend of the Mayor who was extremely influential in the business community to intervene on behalf of the PIC and pressure the Mayor to back down on his stance. It is not known which of these strategies was eventually responsible for CPD's change in policy. However, the Mayor did state in an interview that he did apply pressure to CPD to allow the PIC autonomy. As one CETA
staffer remarked, "the decision came down from the Mayor that we should give the PIC the freedom that it wanted. We were to give the PIC enough rope to hang themselves."

Conflict Over Implementation Means

The Houston PSIP program had experienced numerous instances of conflict over the means of implementation throughout its history. Indeed, programmatic conflict was seen by local actors as occurring over: the disbursing of the PIC's planning grant money; the PIC's written plan for the program; various fiscal matters; the PIC's handling of training programs and employment generating services; and the size and the membership of the PIC. Of these, only a few have been significant enough in scope and impact that they warrant further attention.

One of the major conflicts that had occurred over implementation means revolved around the size and the membership of the PIC. During the start-up phase of the program, PIC members expressed both satisfaction with the PIC's size and composition (at that time the PIC consisted of 10 members: 9 whites, one black). PIC members, particularly the PIC Chairman, wanted to keep the PIC as small as possible, using the theory that a smaller sized body would be more efficient and would be in a better position to carry-out its implementation duties effectively. PIC
members were generally opposed to the idea of increasing the PIC's size by granting membership to groups that were not specifically from the private sector. The PIC Chairman pointed out, that his resistance here was because he did not want to see the PIC become a duplicate of CPD's manpower advisory council, a group that he felt was "totally worthless." Specifically, he did not want to see CBO's represented on the PIC, largely because he believed they could not communicate effectively with big business and would only serve to hinder PIC performance.

In contrast, CPD's views on PIC membership and who should be involved in making PSIP implementation decisions were quite different. CPD staff believed that the PIC should be a much larger group (26 to 28 members) than PIC members envisioned, one that would have the compliment of actors specified in the CETA regulations. In addition, they felt that the major CBO's in the area (Urban League, OIC, Ser-Jobs for Progress) should be represented on the Council.

Local actors believed that this conflict was based on organizational and philosophical reasons. It was viewed as organizational in the sense that CPD was trying to force the PIC to adhere to the requirements that were spelled out in the Title VII regulations, which state that certain groups such as CBO's, organized labor, and educational
agencies and institutions be given membership. Others saw this conflict as being philosophically based in the sense that both the PIC and CPD had different evaluations of the worth of these groups and the contributions they could make to the program.

Eventually, this conflict was resolved fairly easily. CPD was able to apply enough pressure on the PIC to get them to follow the requirements for PIC composition that are delineated in the regulations. Local actors viewed this conflict as having little to no impact on eventual program performance, due to its relatively short-lived nature. However, one impact that this conflict clearly did have on the program was that it helped to deepen the animosity that CPD and the PIC felt for each other. It brought to the surface, not only the major philosophical differences that existed between the two, but the racial differences that existed between organizations as well.

An additional conflict that had occurred in Houston over implementation means had been over CPD's administrative handling of the program. Conflict over CPD's program administration did not simply occur at one particular stage of the program's development. Rather, they tended to occur on a very frequent basis throughout the program's 2½ years of implementation. One such administrative dispute was typical of the types of conflicts that developed between
PIC and CPD in this area. In 1979, CPD took $130,000 of Title VII funds for FY '79 administrative costs it incurred. When the PIC protested that it felt that this was an excessive amount, CPD in turn threatened to use $400,000 in Title VII funds for its own purposes. CPD's rationale was that it should be able to use the $400,000 since the PIC had yet to do anything with these monies at a time when CPD was facing cut-backs in the authorizations for some of its other Titles. As Table 16 made clear, between FY '79 and FY '80 CPD lost 42% of its previous years authorization.

The PIC reacted quite hostily to CPD's attempted expropriation of their Title VII funds. PIC members and staff viewed this as a direct attempt by CPD to gain control over PSIP, as well as a direct challenge to their decision-making power. They issued stern warnings to CPD that if their FY '79 funds were not released including the debated $400,000, they would use political pressure to force CPD to do so. Indeed, this conflict was only resolved when political pressure was brought to bear on CPD. PIC members through local labor union contacts, were able to persuade the Mayor to pressure CPD to be more cooperative with the PIC and release the debated funds.

Other administrative conflicts between PIC and CPD revolved around such issues as: (1) the competency of each other staffs; (2) CETA's slow response time and
bureaucratic red-tape; (3) PIC violation of hiring and purchasing procedures; (4) the apparent theft of Title VII files from the prime sponsor's office; and (5) PIC rejection of the CPD intake system. Local actors believed that a great deal of the conflict over administrative matters flowed directly from the earlier PIC/CPD conflict over the autonomy goal. PIC members argued, that since CPD had lost the battle over the autonomy goal, they were determined to win the war by setting-up numerous administrative hurdles that would serve to slow-up PSIP's development and severely alter its performance.

According to Downs, it is quite natural that an agency, such as CPD, would invest so much time in trying to restrict the behavior of the newly created organization within its policy space. As Downs notes: "(one) effect of territorial sensitivity is that bureaus consume a great deal of time and energy in territorial struggles that create no socially useful products. From the point of view of the individual bureau, using resources to defend and expand its own territory is a rational way of reducing the costs of adapting to unforseen or undesirable change. True, bureaus sometimes struggle more over certain issues than the ultimate importance of those issues really warrants, even in their own eyes. But this is an inescapable result of uncertainty" (Downs, p. 216).
Indeed, respondents overwhelmingly believed that the administrative conflicts under Title VII were largely due to organizational causes. One PIC member's remarks were illustrative of the majority of PIC members' feelings on this point. She believed that a lot of the administrative conflict between CPD and the PIC derived from the fact that the two organizations were independent of each other. She felt that under this type of a situation, it was quite natural for organizational jealousies between staffs to develop. It was her impression that CPD staff were jealous of where the PIC staff were housed, and the amount of money they were paid. In turn, CPD staff resented what they saw as the PIC staff's "snobbish attitude". As one CETA staffer remarked: "The PIC staff believes that they are some sort of sacred cow, so there is some jealousy. They believe that because they deal with the private sector that they deserve respect."

An additional reason given for why so much organizational conflict occurred over FSIP implementation means was seen as being due to the personal characteristics of both the PIC Executive Director and the CPD Executive Director. Local actors reported that both men personally disliked and mistrusted the other. Some felt this was because both men represented different sectors, but others felt it was simply a case of racism on the part of both
men. Additionally, local actors pointed out in their description of these individuals that both men were more concerned with furthering their own personal careers and impressing the Mayor, than they were about achieving the goals of their respective organizations.

Both men seem to come close to Downs' definition of bureaucrats who are regarded as "climbers," that is, bureaucrats who are motivated by their desire to maximize their own personal power, income, and prestige. Given this, it is hardly surprising that organizational conflict between these two agencies occurred. As Downs notes about one of the factors that increases the likelihood that organizational conflict will take place, the self-interest of climbers "causes them to seek more influence in the surrounding policy space than they would if they were unbiased by self-interest" (Down, p. 216). Thus, the fact that these two men were so ambitious may be another explanation for the high levels of administrative conflict that took place between their respective organizations.

As was seen earlier in the case of the autonomy goal, local actors resorted to the "politics" strategy in resolving many of the administrative issues that resulted in conflict. The PIC as they had done in previous instances, went directly to the Mayor and applied pressure on him to resolve the particular conflict. The Mayor in turn had his
manpower aide pressure CPD officials to find a quick solution to the problem. In almost every instance, this meant that CPD had to back-down to the PIC's request.

However, not all of the administrative issues that resulted in organizational conflict were able to be resolved. For example, the conflict over slow CPD turn-around time on PIC reimbursement was beyond resolution. In this instance, the PIC charged that CPD had deliberately slowed down all Title VII paperwork that was sent through its office in the hopes that this would eventually hurt PIC performance. As the PIC Executive Director angrily pointed out: "CPD will deliberately hold things up for 5 or 6 weeks. Then they will send it back to us saying we didn't cross our t's or dot our i's, and that we must do it over again. Then we will have to wait an additional 5 or 6 weeks before they will look at it again!"

However, the majority of local actors disagreed with the position taken by the PIC Executive Director. They believed that this "slowness" was not a deliberate strategy on the part of CPD, but rather, was simply a characteristic of the complexity of Houston city government. In Houston, the PIC's paperwork not only had to be processed by CPD, but also by the City Controller. As discussed earlier, the Houston City Controller is an elected office, one that enjoys great independence from the Mayor and City Council.
Indeed, the City Controller during PSIP's implementation had achieved a very popular reputation for being a stickler for accuracy (she later defeated the incumbent Mayor in a very bitter 1981 election). Her office particularly scrutinized the affairs of CETA, and felt that Title VII was no exception. Thus, the slowness in the turn-around of Title VII paperwork partially resided in the City Controller's office and not within CPD. Due to the independent nature of the Controller's office, there was very little the PIC, CPD, or the Mayor could do to speed this process up.

Programmatic conflict that occurred over implementation means was seen as having a very negative impact on PSIP's performance. Local actors attributed the slow development of PSIP in Houston as being directly related to all of the conflicts that had occurred over implementation means. They believed that these conflicts led to the situation evidenced by Table 18, where the PIC had expended only 58% of its funds; substantially less than the amounts expended by Title II B, C and STIP. Local actors reported that they had been so busy "fire-fighting" that they had little time to put into more productive activities like running innovative training programs or placing participants into quality jobs.

However, conflict over implementation means also had a broader impact on PSIP performance, than simply slowing
down program development. It also had a direct effect on the level of business participation that took place in the program. Initially, the PIC Chairman and PIC Executive Director believed that they could increase business participation in the program by becoming completely separated from the CETA system, which as previously mentioned had a tarnished reputation. However, as we have seen, out of this separateness, had come a great number of conflicts over implementation means. These conflicts eventually proved very disheartening and discouraging to members of the private sector and their interest and support for the program quickly diminished. Respondents believed that this is why all members of the PIC's Executive Council including the PIC Chairman resigned from the program at the same time; they had simply had enough of all the fighting between their organization and CPD.

In summary, the existence and negative impact of programmatic conflict in the Houston PSIP program has been well-documented. Conflicts were seen to occur both over PSIP's goals, as well as the means of its implementation. These conflicts had been caused by a combination of philosophical and organizational factors. Overt political causes for this conflict tended not to be prevalent. In addition, three sets of actors were seen to be primarily involved in either promoting or resolving programmatic
conflict: (1) PIC members and staff; (2) CPD officials and staff; and (3) the mayor and his aides. Conflict resolution in PSIP was performed principally through the bargaining and politics processes. However, it was also seen in a few instances where despite the use of these processes, not all of the programmatic conflict could be resolved.

Finally, programmatic conflict was found to have diverse negative impacts on PSIP's performance. Conflict between local actors over goals and implementation means was found to be an important factor in explaining: PSIP's slow development and the underspending of Title VII dollars; the decline of business participation and interest in the program; and the relative lack of institution-building that had taken place. However, this is not to say that programmatic conflict alone explains why PSIP's performance in Houston was so poor. Other important factors were found to be the state of the local economy and the business communities' attitude toward government social programs.

Case II: Memphis/Shelby County

Introduction and Overview

Memphis/Shelby County Consortium represents another instance of a Title VII demonstration site that was very slow to begin implementing the PSIP program. The prime
sponsorship first received planning grant money for Title VII in December 1978, and it was not until some eight months later that the PIC was established and held its first meeting. It then took the PIC an additional eleven months before it funded its first training program in July 1980. Thus, it took over 1½ years from the point the prime sponsor first received Title VII planning money, to the time it funded its first training program.

Upon closer inspection, the reasons become clear why Title VII initially was not a high priority in Memphis. The Memphis Employment and Training Agency (META), which administers CETA programs for the Memphis/Shelby County Consortium, assigned only one staff member to handle Title VII implementation. The main reason behind META's lack of interest and concern over the program lay in the fact that Title VII funds represented only 1% of the prime sponsor's total fiscal year 1979 CETA authorization. In addition, as Table 19 illustrates, for the next two subsequent years, Title VII represented only 5% of the total Memphis CETA authorization. Of major importance here, is the 18.4% reduction that occurred in Memphis' total CETA authorization that occurred between FY '79 and FY '80. Because of this reduction, META was faced with increasingly difficult local funding decisions, and thus had even less time to give to Title VII matters.
## Table 19

Summary of Memphis CETA Funding By Title: 1979-1982

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Title II A,B,C</th>
<th>Title II D</th>
<th>Title VI</th>
<th>YCCIP</th>
<th>YETP</th>
<th>Title VII</th>
<th>SYEP</th>
<th>Total</th>
<th>% Change between years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>5,010,367 (25%)</td>
<td>5,683,425 (28%)</td>
<td>8,012,995 (40%)</td>
<td>234,347 (19%)</td>
<td>1,062,390 (5%)</td>
<td>226,209 (11%)</td>
<td>N/A</td>
<td>$20,229,773</td>
<td>(18.4%)</td>
</tr>
<tr>
<td>1980</td>
<td>5,312,156 (32%)</td>
<td>4,529,898 (27%)</td>
<td>3,689,332 (22%)</td>
<td>314,820 (2%)</td>
<td>1,765,608 (11%)</td>
<td>885,820 (15%)</td>
<td>N/A</td>
<td>$16,497,634</td>
<td>(+6.8%)</td>
</tr>
<tr>
<td>1981</td>
<td>6,268,282 (36%)</td>
<td>5,700,989 (32%)</td>
<td>2,731,991 (15%)</td>
<td>327,977 (2%)</td>
<td>1,788,155 (10%)</td>
<td>810,136 (5%)</td>
<td>N/A</td>
<td>$17,627,430</td>
<td>(-59%)</td>
</tr>
<tr>
<td>1982</td>
<td>4,408,962 N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>719,284 (10%)</td>
<td>2,179,135 (30%)</td>
<td>$7,307,341</td>
<td></td>
</tr>
</tbody>
</table>

* error due to rounding

YCCIP: Youth Community Conservation and Improvement Program
YETP: Youth Employment and Training Program
SYET: Summer Youth Employment Program

Source: Employment and Training Administration.
PIC's Organizational Position

The City of Memphis has a mayor-council form of government. Within the Mayor's office is the Division of Human Resources which had been given the responsibility of overseeing the Memphis Employment and Training Administration. While the PIC was originally staffed by META, due to PIC pressure for further independence, the prime sponsor turned staff functions for PSIP over to the Office of Planning and Development (OPD), a joint city-county office which entered into a financial agreement with META to provide staff support to the PIC. This staffing relationship lasted for approximately 1½ years, until the PIC formally incorporated in March 1981. Since that time, the PIC staff had been completely independent and separated from the prime sponsor CETA staff.

Past Private Sector Participation

Prior to the advent of the PSIP program, the private sector in Memphis was only involved in CETA to a minimal extent. Their only meaningful involvement in CETA came through META's OJT program. However, local actors reported that this program had been unable to accomplish its goals, largely because local employers were reluctant to participate due to the vast amount of CETA red-tape.
One of the principal impediments to pre-PSIP private sector involvement was that there was no major business leadership group in Memphis that META could turn to for assistance. In 1977, the Memphis Chamber of Commerce filed for bankruptcy, suffering from what respondents characterized as gross mismanagement. In addition, with the bankruptcy of the Chamber, came the dissolution of the local National Alliance of Business since it had been tied to the Chamber, using its offices and other facilities. Just as the PSIP program was beginning to be important in Memphis, both the Chamber and the NAB began to reassert themselves in the area of economic development and therefore maintained some interest in the new Title VII effort.

CETA System Health

The Memphis CETA system can only be described as being in very poor health. The U.S. Department of Labor had been so dissatisfied with the prime sponsor's performance in terms of following prescribed management procedure, that they threatened to cut off all future CETA funding or have META go on a month to month allocation basis. The training programs that META had run throughout its history were generally perceived as falling far short of expectations. Recently, the Director of the Office of Human Services (OHS) tendered his resignation due to the many management
problem that had arisen within the employment and training system. Locally, the CETA system had received very little attention from the media, but as one local actor pointed out, "when it does, it's always negative in nature."

Local Economic Conditions

In general, the strength of the Tennessee economy had not been impressive during the implementation of the CETA program. Like the nation, the economy of Tennessee suffered severely from the recession of 1974 and 1975. Since that time, the state was unable to recover at a pace that would ameliorate employment and income deficiencies. In spite of sizable increase in gross state product, residents of Tennessee continue to suffer from high rates of unemployment, underemployment, and poverty.

In comparison with other parts of the state, the economy of Memphis had tended to perform slightly better. This is because the Memphis economy is less oriented toward manufacturing and more oriented towards wholesale and retail trade and service industries. In addition, there has been a move underway in the past few years to develop the Memphis downtown area into a tourist/convention center. Local actors felt that this would create both more construction jobs as well as a service industry for the hotels that would be built. In 1970, 15.7% of all Memphis
families fell below the poverty line. The proportion was much higher for blacks, with 35.7% of all black families falling below the poverty line (County and City Data Book, 1977, p. 747). Over the past few years, the Memphis unemployment rate has held steadily at around 6%.

While many industries in Memphis were expected to grow by 1985, a recent study concluded that employment opportunities in high-wage industries in Memphis would not be sufficient to alleviate the employment and income inadequacies that currently existed. This report concluded that "a sizable group of people have not been able to take advantage of the available employment and income opportunities in the Memphis economy. Thousands of people in Memphis suffer from either underemployment, unemployment, or low wages" (Center for Manpower Studies, Memphis State University, June 1979, p. 14).

In April of 1979, the Governor of Tennessee initiated the forming of an Economic and Jobs Conference in the Memphis area to look at ways of revitalizing the Memphis economy. The final report of the Governor's conference identified over 40 assets and liabilities of the local economy. Two of the most important assets were: (1) that Memphis' large pool of labor could be trained adequately for attracting efficient growth industries; and (2) Memphis' educational and vocational facilities and programs
could be harnessed to produce an efficient labor force. Two of the more important liabilities mentioned were: (1) that about 60% of workers in Memphis are employed in traditionally low-paying industries; and (2) that there was a failure to adequately match vocational training with the present and future needs of good-paying companies (Greater Memphis Community Governor's Economic and Jobs Conference Final Report, Conclusions and Recommendations, 1979, p. 33).

More specifically, the plan of action developed in this report included goals and priority recommendations for the implementation of those goals. Five of these goals are particularly important, since they were later adopted by the PIC as part of their formal Title VII goals: (1) develop a more responsive, coordinated vocational education system through increased vocational training and OJT for students; (2) improve the Memphis area's industrial mix through developing more high wage, high productivity industry; (3) develop a stronger small/minority business community, through small business training; (4) upgrade the present work force to help solve the problem of underemployment; and (5) improve governmental responsiveness, commitment, and efficiency in the area of economic development (Memphis/Shelby County Consortium, Annual Plan/Subpart for Title VII, 1980, p. 2).

The findings of the Governor's Report served as the policy agenda for PIC members. They sought to develop
programs that would attack the problems that were outlined in this report. Thus, in this sense, local economic conditions did have an impact on the programmatic decisions that were made by the PIC.

Role and Importance of Local Actors

In the early stages of PSIP's development in Memphis, two actors were of crucial importance in shaping the content of PSIP locally. The first, was the prime sponsor staff (META) who helped to formulate goals for the program and select support staff. In addition, the prime sponsor staff consulted with the Chamber of Commerce on ways to link PSIP and CETA to the Chamber's community economic development activities. The second important actor was the PIC staff. They had been the most influential in writing the Title VII plans, and developing programs and activities.

In the later stages of PSIP's development, as the PIC began to develop into a viable decision-making entity, META staff no longer came to play an important role in implementing the program. Rather, the PIC Chairman, PIC members, PIC staff, the Director of Economic Development, and the Advisory Council Chairman, had become the most influential Title VII actors. Both the PIC Chairman and PIC members had become decisive in service deliverer selection, contract negotiation, and marketing decisions.
The PIC staff along with the Director of Economic Development, both of whom had exercised great influence over program development, actively pushed for linkages with community economic development efforts and in-house OJT contracting.

Other local actors who had played a minor role in Title VII during the later stages were: the Director of the Office of Human Resources, META staff, the HRDI representative, and the Memphis Mayor. These actors had been moderately successful in moving several Title II programs into Title VII, even in the face of PIC opposition. However, after the PIC had incorporated, many of these actors had become even further removed from the program. META staff in particular had virtually no influence in Title VII decisions and content after the PIC had incorporated. Other local actors such as CBO's, and local labor organizations were also almost totally excluded from the program.

Memphis PSIP Performance

During the course of PSIP's implementation in Memphis, the PIC had funded only a few "major" training programs. (The term major is used here relatively, since what is considered to be a major training program in Memphis may not be considered to be elsewhere.) The most extensive
training program the PIC had funded was a large in-house OJT program, that funded training in such diverse areas as auto-mechanics, television repair, and bakery chefs. A second major program that the PIC had funded coupled OJT with classroom training, and had been run by a local private for profit firm. This program was designed so participants would receive training in the computer field, learning how to both program and service them. Finally, a third major program the PIC had funded sought to train auto-mechanics and were considered by the PIC to be primarily an upgrading program. Here, automechanics and an equal number of bodyworkers were upgraded and then clients were trained to fill the slots they had vacated.

As mentioned in the case study of Houston, due to the lack of rigorous record-keeping in Title VII, it is impossible to ascertain the performance record of these individual programs. Instead, one is forced to rely on aggregate data gathered for all Memphis Title VII programs, and the general perception of local manpower actors.

In terms of aggregate program performance, Memphis' FSIP programs have performed poorly. As Table 20 indicates, the overall Title VII placement rate and private sector placement rate in Memphis as of 30 September 1980, fall far short of the national and Ohio State study average figures. Indeed, in FY 1980, the program achieved
## Table 20

Memphis Title VII Program Outcomes Compared with National and Sample Data

<table>
<thead>
<tr>
<th></th>
<th>10/1/79-9/30/80</th>
<th>10/1/80-6/30/81</th>
<th>10/1/80-9/30/80</th>
<th>National Average 9/30/81</th>
<th>Ohio State Average 9/30/80</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placement</td>
<td>0%</td>
<td>14%</td>
<td>20%</td>
<td>42%</td>
<td>42%</td>
</tr>
<tr>
<td>Private Sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Placement Rate</td>
<td>0%</td>
<td>12%</td>
<td>17%</td>
<td>34%</td>
<td>37%</td>
</tr>
<tr>
<td>Cost Per Participant</td>
<td>$291</td>
<td>$649</td>
<td>$799</td>
<td>$1,856</td>
<td>$1,657&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Cost Per Unsubsidized Placement</td>
<td>N/A</td>
<td>$6,514</td>
<td>$5,076</td>
<td>$7,878</td>
<td>$5,069&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Cost Per Private Sector Placement</td>
<td>N/A</td>
<td>$7,678</td>
<td>$5,722</td>
<td>$9,782</td>
<td>$5,538&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>% Wage Change After Training</td>
<td>N/A</td>
<td>-10%</td>
<td>-16%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<sup>a</sup> Number of sites equal to 19; <sup>b</sup> Number of sites equal to 17.

a 0% placement rate, compared to national and Ohio State average of 42%. However, the 0% placement figures here are not really as bad as they look. Rather, these low figures are due to the long delays that occurred in developing and funding PSIP training programs in Memphis. Thus, at the time these figures were taken, many of the Title VII programs had just become operational and clients were still undergoing training.

However, at later points in PSIP's development, after clients had finished their training and were being placed, placement rate figures remain quite low. For instance, in fiscal year 1981, the Title VII placement rate and private sector placement rate for Memphis was 20% and 17% respectively. National data had not yet been completed for this same period. In addition to these low placement rates, Memphis' PSIP programs have also had a negative effect on wage gains. In FY '81, the average pre-PSIP wage when last employed for participants was $3.77, and the initial post-PSIP wage was $3.17, a decrease of 16%. This data lends credibility to local actors perceptions that clients under PSIP were not being placed in either very high quality or well-paying jobs.

The performance of Title VII in Memphis can be compared against the performance of Title II B, C and STIP for fiscal year 1980 and 1981. In fiscal year 1980, PSIP
<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year 1980</th>
<th></th>
<th></th>
<th>Fiscal Year 1981</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Title VII</td>
<td>Title II-B,C</td>
<td>STIP</td>
<td>Title VII</td>
<td>Title II-B,C</td>
<td></td>
</tr>
<tr>
<td>Placement</td>
<td>0%</td>
<td>29%</td>
<td>34%</td>
<td>20%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Private Sector</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>17%</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>Placement Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost Per Placement</td>
<td>N/A</td>
<td>$9,851</td>
<td>$11,058</td>
<td>$5,076</td>
<td>$10,261</td>
<td></td>
</tr>
<tr>
<td>Total Funds Authorized</td>
<td>$1,020,611</td>
<td>$5,869,937</td>
<td>$1,390,960</td>
<td>$714,194</td>
<td>$5,196,763</td>
<td></td>
</tr>
<tr>
<td>Total Funds Expended</td>
<td>$87,572</td>
<td>$4,166,850</td>
<td>$663,454</td>
<td>$314,746</td>
<td>$4,268,624</td>
<td></td>
</tr>
<tr>
<td>Percent of Funds</td>
<td>9%</td>
<td>71%</td>
<td>48%</td>
<td>44%</td>
<td>82%</td>
<td></td>
</tr>
<tr>
<td>Funds Spent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wage Gain</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>-16%</td>
<td>14%</td>
<td></td>
</tr>
</tbody>
</table>

was clearly out-performed in terms of placements by both II B, C and STIP. In addition, what is interesting here is the percent of authorized funds that have been spent for the fiscal year. Only 9% of the total FY '80 Title VII authorization was spent, as compared to 71% and 48% for II B, C and STIP respectively. This provides further evidence for the earlier assertion that PSIP was very slow to develop in Memphis.

In fiscal year 1981, PSIP and II B, C compare favorably in terms of placement rates and private sector placement rates. One fundamental difference between the two titles occurs in terms of cost per placement. It costs approximately 51% less to train an individual in PSIP than it did in II B, C. However, this does not mean that PSIP was therefore run more efficiently than II B, C. Rather it indicates that there may have been differences in the type, and therefore cost of training that were being funded in each of these titles. Upon investigation, this does prove to be true. Under II B, C, 94% of the training funded was classroom related, whereas under PSIP only 66% of all training was classroom related, with the other 34% being the much less expensive OJT. Thus, on the basis of these figures one cannot really say that Title VII was better managed or was more efficient than II B, C, since the differences in training between the two programs may
be accounting for II B, C's increased cost.

Finally, one can again see that in FY '81, the PIC fell far short of appropriating all of its Title VII monies. For FY '81, only 44% of all Title VII funds were spent, whereas 82% of II B, C funds were spent. This data seems to indicate that as was the case in 1979 and 1980, the PSIP program in Memphis was slow in terms of getting Title VII implementation fully underway.

Two additional indicators that are particularly useful in measuring PSIP program performance as noted earlier, are the degree of innovativeness of the training program, and the percent of private sector vendors that were being utilized. Local actors overwhelmingly viewed PSIP training as not being innovative in the local context. These actors pointed out that the PIC had chosen to fund programs that previously had been funded under CETA. Indeed, many seemed to feel that PIC members had failed to contribute innovative ideas towards the nature and the shape PSIP training programs should take.

The majority of PSIP programs in Memphis did make use of private sector service deliverers. The PIC's OJT program in particular utilized a number of private sector firms who had previously never been involved in CETA programs before. In addition, the PIC had contracted with two private for profit firms to provide training in the
areas of truck-driving and computers.

A final measure of the performance of PSIP in Memphis is the degree to which the program stimulated and utilized private sector participation. Local actors saw PSIP as increasing business participation in local manpower programs in two respects. First, that under PSIP, businesses had begun to participate in the PIC's OJT program. As previously mentioned, prior to PSIP businesses were reluctant to participate in any of the OJT programs that were run by META. Secondly, business participation had increased in terms of their input into employment and training decision-making. Representatives from the private sector were seen to be the most active members on the PIC, and generally responsible for the direction the PIC had moved in over the course of its implementation.

In summary, PSIP's overall performance in Memphis had been mixed in the sense that it had both good as well as poor outcomes. PSIP had performed well in two areas: (1) making use of private sector vendors in their training programs; and (2) increasing the participation of the business community in employment and training programs. PSIP had performed poorly in the sense that despite the fact that the PIC had been able to successfully run a small OJT program, it did not make a very sizable contribution to the total employment and training effort. The programs and
activities the PIC had run were not viewed as being innovative in nature, and had not proven to be successful in terms of placing participants in quality well-paying jobs.

Programmatic Conflict in the Memphis PSIP Program

Now that the context of the Memphis PSIP program has been reviewed, it is possible to turn towards examining the role programmatic conflict had played in this prime sponsorship. In this section, specific instances of PSIP conflict will be reviewed so that through this examination, the nature, the determinants, and the impact of PSIP programmatic conflict can be further delineated.

Conflict Over PSIP Goals

Given the overwhelming lack of interest in PSIP that local actors showed during the program early development stages, it is not surprising to find that there was no conflict over goals during its first year of implementation. The absence of conflict over goals, was due to the fact that no concrete Title VII goals had been articulated by local actors. There was so little activity occurring in the program, that there was virtually nothing for local PSIP actors to be in conflict about.

However, once the program had progressed to the stage where decisions over goals were being reached, conflict
between local actors quickly became apparent. PIC members and PIC staff held the dual goals of developing innovative training programs while at the same time, linking these programs to community economic development efforts. Their primary goal for the program, however, was to become as independent and autonomous as possible from the rest of the CETA system. They believed that by achieving this independence goal, that they would be in a better position to later achieve their other more programmatic goals.

In contrast to this viewpoint, elected officials and META staff envisioned Title VII as another source of Title VII funds that could be used for political and employment and training purposes. In particular, they came to view Title VII as an excellent vehicle for funding some programs and service deliverers that had previously been funded under CETA Title II. Others felt that the Title VII effort should be integrated with the CETA system so the prime sponsorship would be able to maintain its control over the program. As the Director for the office of Human Resources pointed out: "Our original intent for Title VII was to keep it within CETA.... We viewed it as a program that was taking power away from the Mayor and putting it in the hands of the PIC. We didn't believe that this should be the case."
Despite the clear differences between local actors over the matter of independence, conflict over this goal was held to a minimum by a short-term compromise that was reached between the PIC and META officials. First, both sets of actors agreed that the PIC would not be incorporated, thus soothing META fears that they would lose total control of the program. Secondly, it was agreed that the PIC would not be integrated within META, but rather, would be housed and staffed by OPD. Through this compromise, it was felt that the PIC would gain the independence that it wanted, while at the same time, the program would remain clearly within the confines of the prime sponsor's authority.

However, after 1½ years of being under this arrangement, and after a number of administrative conflicts had taken place between the PIC and META officials, PIC members reevaluated their organizational position. They decided that the only way to gain the independence that the PIC needed was through incorporation. They believed that by achieving the incorporation goal they would: (1) improve the PIC's image in the local business community; (2) improve turn-around time on many of their OJT contracts; and (3) be in a better position to receive and disburse funds in a less restrictive atmosphere.
As would be expected from their previous stance, officials in both the OHR and META were vigorously opposed to the goal of independence via incorporation. Local actors reported that these officials were again afraid that if they allowed the PIC independence, they would lose whatever control they had over the program. In addition, these actors were also opposed to incorporation because of the manner in which the PIC arrived at their decision. Neither the OHR or META were informed or consulted on the PIC's decision to incorporate until after the PIC had presented their plan to the Mayor and gotten his approval.

Local actors overwhelmingly believed that the reasons for the conflict over the independence goal were organizationally based. That is, META feared what the consequences would eventually be in terms of their power if they allowed the private sector too much freedom. As one CETA official explained: "If we were to allow the PIC to incorporate, then it might be possible that one day all monies would run through the private sector and eliminate the need for a prime sponsor." Indeed, META's fear over losing control and authority over employment and training funds is clearly evidenced by the following position statement on incorporation written by the META manager of planning and grants:
In my opinion the PIC views itself as separate and apart from the Prime Sponsor—in essence an autonomous entity. Most importantly, the change may create extenuating circumstances relative to the Prime Sponsor's role in advising the PIC on its position under the Primesponsorship. Furthermore, as a result of the incorporation, I view the Prime Sponsor's role as becoming minor relative to programmatic development of PIC activities, and becoming major as it relates to financial liability of the PIC, since ultimately we are responsible for all funds allocated under the Comprehensive Employment and Training Program. Generally, I feel if we concur with the incorporation, we are relinquishing our obligation and responsibility to be instrumental in assuring the continuation of programs under CETA. Also, consideration should focus on the fact that legislatively, emphasis will be placed on skill training involvement in the private sector and to increase private sector job replacement for eligible CETA participants. In conclusion, should this emphasis become a reality in future CETA programs along with the inclusion of block-grant funding, these factors would probably direct all major funding to Title VII. I strongly discourage the PIC being incorporated (Memorandum, Morristein J. Holman, Memphis Employment and Training Administration, April 21, 1981).

Local actors saw conflict over program goals as having its biggest impact in terms of the relationship between the PIC and META and the programmatic goals the PIC adopted. Many local actors reported that they viewed conflict over goals as being the starting point for the hostility that developed between the two organizations. Late in PSIP's development in Memphis, hostility between staffs had reached the point that neither organization was
communicating with the other. Indeed, the PIC Executive Director pointed out, that both organizations had come to operate as if the other one did not even exist.

Local actors felt that an additional impact of this conflict had been that it changed the PIC's viewpoint on what their Title VII goals should be. Whereas the initial goals for the program were both to improve CETA's image locally in the business community and coordinate Title VII resources with all employment and training resources in the area, these goals had since been shifted to more narrower goals that would benefit primarily the PIC rather than the entire manpower system. For instance, after these conflicts over PSIP goals had taken place, the PIC adopted the formal goals of: (1) operationalizing programs in or for the private sector utilizing Title VII funds or other sources of funding; and (2) providing input on national legislative issues in regards to employment and training and any related issue of concern on the part of the businesses that the PIC service. These goals are clearly more oriented towards the PIC and developing its role and power, than they are towards helping META and other organizations within the manpower system.

What is interesting about the Memphis case, is that despite the fact that conflict over the independence/incorporation goal was seen as having a negative or
undesirable impact on the PSIP program, neither the PIC nor META made any attempts to resolve it. Rather, each organization decided to allow the hostility to continue, and simply act without the advice of the other. This accounts for the attitude that was prevalent among META staff, that they could not care less about Title VII matters, going so far as to do away with the position of a PIC-META liaison person.

Conflict Over Means of Implementation

The Memphis PSIP program had experienced numerous instances of conflict over the means of implementation throughout its history. Indeed, local actors reported that programmatic conflict over implementation means occurred over such issues as: (1) the proper format for an OJT contract; (2) META's contract review process; (3) META's intake and referral system; (4) PIC underspending of Title VII monies; (5) the lack of minority representation on the PIC; and (6) Title VII administrative costs. Here, we will only focus on those issues that sparked conflict that were seen as having a significant direct impact on Title VII's performance.

One of the most significant conflicts to occur over implementation means concerned the proper procedure that should be followed before a program could receive Title VII
funding. At issue in this particular case, was an apprenticeship training program offered by Classroom Training Incorporated, and organization run by the local building trades union. This particular program had been previously funded under CETA Title II-B, but could not be extended any further, because all of CETA's funds for fiscal year 1980 had been expended. The proposed contract ran for six months, and was for $387,000, which represented more than the combined costs of all the other PIC programs and employment generating activities.

META vigorously lobbied the PIC to takeover the funding of this program. However, PIC members unanimously rejected the proposal, arguing that the program did not merit funding and that they "should not be foolish about spending money, and should take the greatest caution about spending the funds" (Minutes from the PIC meeting of April 18, 1980). Despite the PIC's rejection, the Director of OHS and the local HRDI representative brought the matter before the Mayor and were able to obtain his approval to fund the program using Title VII monies.

When the PIC membership was informed of this action, they were furious and threatened to resign. The PIC Chairman (who was the executive vice-president of the Memphis Chamber of Commerce) in particular promised the Mayor that if he did not cancel the contract forthwith, he would
resign and bring the whole matter to the attention of the local media and business community. Clearly, the PIC was trying to resolve this conflict not through the problem-solving or persuasion methods, but rather through the bargaining and politics processes. Faced with the resignation of all the PIC members from the private sector, the Mayor quickly cancelled the contract claiming that he had been "totally mislead by Bob (the Director of OHS). I was unaware at the time that under this Title, the Private Industry Council had decision-making powers."

Local actors overwhelmingly believed that the reasons for this conflict were politically based. Many respondents stated that they felt the Mayor knew what he was doing in giving labor a large city contract, since this was not the first time CETA money had gone to groups that had supported his re-election. As the PIC Executive Director stated: "The Training Incorporated contract was all politically motivated. All the different political folks were trying to apply pressure. Labor wanted that money, and the Mayor wanted the support of labor." Or as another local actor pointed out: "The City simply saw this grant money as just money to be used as they have used it in the past. 'We have a friend here in Labor, and we are going to fund them.' The Human Services Director didn't want to lose their support and thus went straight to the Mayor."
There were no local actors who felt that this conflict had come about out of organizational or philosophical reasons. However, it seemed clear from an observational standpoint, that this conflict was also partially due to organizational factors. It seemed that through the Training Incorporated issue, both the PIC and META (including the Office of Human Resources) were trying to prove to the other organization who held the most authority in terms of Title VII decision-making. This comes out most clearly in the remarks made by the PIC Executive Director in describing the impact that this conflict had on the Title VII program:

It had a very positive effect. I feel that it was the greatest thing that could have happened. First, because of this conflict we were recognized by the Mayor, whereas Bob Atkins and META lost all their credibility with him. Secondly, the entire employment and training community came to see it as a victory for the PIC. It gave other organizations like the ES reasons to support us. It gave us the opportunity to bring up a lot of other items that bothered us that we were hesitant to bring up before.

It is clear that the PIC believed that through his conflict they had struck a blow to META's power, and in doing so, were able to increase their own organization's status, independence, and authority. Indeed, as March and Simon have noted, it is quite a common occurrence when the bargaining and politics processes are used in resolving
organizational conflict, that there be an attendant change in power relations between organizations. As they state:

...bargaining (the term by which they mean both bargaining and politic processes) has some potentially disruptive consequences as a decision-making process. Bargaining almost necessarily places strains on the status and power systems in the organization. If those who are formally more powerful prevail, this results in a more forceful perception of status and power differences in the organization (generally dysfunctional in our culture). If they do not prevail, their position is weakened (March and Simon, p. 131).

The Training Incorporated contract is one issue where META officials did not prevail, and thus, had their position in relation to the PIC seriously weakened.

As might be expected, PIC members and PIC staff were the only local actors who viewed the outcomes of this conflict in a positive light. Other local actors, particularly META staff, felt that this conflict had a negative impact on PSIP's performance. They saw it as putting further strains on the PIC-META relationship that had been recently fractured by the debate over the PIC's independence goal.

A second major conflict over the means of implementation that local actors viewed as being major in scope and impact was the debate over the time it took for the PIC to fund training programs. As Table 21 had pointed out, the PIC was indeed slow in spending its appropriated funds.
In fiscal year 1980, the PIC only spent 9% of their Title VII funds, while in fiscal year 1981, the PIC managed to spend only 44% of their authorized funds. META was concerned with the large extent of underspending that was occurring under Title VII, as any bureaucratic organization probably would be (see Wildavsky, 1974, on this point), and believed that if a large proportion of these funds were not spent, Memphis would receive a much lower allocation in the following year. Thus, META applied pressure on the PIC to increase its rate of program spending, particularly in the area of funding classroom training programs. In contrast to META's concern about underspending, PIC members and staff failed to see where there was a problem. They felt that the Title VII monies were their's, and they therefore deeply resented being pressured to spend it by META.

The majority of local actors believed that this conflict was due to philosophical differences that existed between META and the PIC; or to be more exact, philosophical differences that existed between the public and private sectors. Whereas studies have found that underspending can occur in social programs due to such factors as lack of trained personnel, lack of knowledge, and lack of unity (Wildavsky, 1974), most respondents seemed to feel that it was occurring under Title VII due to the philosophical
stance of the business members who made up the majority of the PIC. Indeed, many of the PIC members interviewed stated that they were very cost-conscious, and did not like the idea of funding programs simply for the sake of expending Title VII monies. They believed that if they could return money to the federal treasury then they were doing the nation a service in the sense that they were "saving" tax-payer dollars. META officials took the opposite viewpoint. They didn't see underspending as "saving" money, but rather wasting it, because the money never went towards its intended recipients.

However, some local actors believed that there were other philosophical differences between the two organizations that were responsible for the conflict over underspending besides that of different attitudes towards cost-consciousness. These respondents firmly believed that underlying this conflict was a fundamental philosophical difference between PIC and META towards the CETE clientele, as well as over the types of training programs that should be funded. As the PIC Executive Director explained:

Individuals over at CETA do not view OJT as a very good program for their clients to enter. On the other-hand, the PIC sees OJT as a good solid training program, that gives the client a good progression through the system. In these programs, CETA believes that we should take the lowly of the lowly
and place them into a job. PIC believes that we should be dealing with people who have a higher skill level than that.

Indeed, it is clear from the interviews with local actors, that the two sectors in Memphis hold distinct philosophies towards the economically disadvantaged. META officials tended to view these clients as suffering from discrimination, a poor education, etc., that have prevented these individuals from finding employment. The viewpoint of many of the private sector representatives on the PIC were indeed quite different from the above, and are well illustrated by the comments made by the PIC Vice-Chairman: "If a person is not physically handicapped then that person can find a job. If they can't, then they are lazy. Anyone who wants to work can find it." Indeed, the Chairperson of the Employment and Training Advisory Committee who served as an ex-officio member of the PIC charged that many members of the PIC in her opinion suffered from a "plantation mentality" and had no conception of the problem afflicting the economically disadvantaged. Following from these viewpoints, PIC members believed that it should be the role of the PIC to upgrade and retrain individuals who had been displaced by the economy. They did not believe as did META, that they should be training the worse-off of the economically disadvantaged through expensive classroom training.
META sought to resolve this conflict between the two organizations by trying to persuade the PIC to fund programs other than OJT and upgrading training. However, the philosophical differences between the two seemed to be too great, and META quickly gave up their efforts, believing that there was nothing that could be done to resolve the conflict.

Finally, a number of administrative issues such as META's intake and referral system, the proper format for an OJT contract, and Title VII administrative costs, combined once again to cause conflict between META and the PIC. Local actors overwhelmingly believed that these administrative conflicts grew out of the other conflicts that had occurred between the two organizations. PIC members and staff in particular felt that META was trying to hurt the program's performance by putting administrative hurdles in the PIC's path. PIC staff believed that they were doing so because they were angered that they had lost the other battles, and this was the one way they could get back. Even the Director of OHR admitted that this was the case. He felt that META staff deliberately had "slow-downed many of their processes, complained about PIC procedures, and reviewed things negatively" just so they could get some "revenge" back at the PIC and restore some of their former authority.
Other local actors in part felt that these administrative conflicts were due very simply to organizational fears on the part of META, that if the PIC's power was not somehow challenged or constrained, it would eventually subsume the prime sponsor. One local manpower actor who had run numerous management seminars of META staff explained the reason for this fear:

One must understand that META is predominantly staffed by blacks. Many staff members have come to view it as a black organization. Indeed, Human Services are known in Memphis City government as being a 'black organization.' They feel somewhat isolated because of it. Deep down, though they don't admit it, they feel very isolated. This attitude has lead them to adopt a siege mentality, that they are always under the gun.

This individual felt the fact that the PIC was overwhelmingly white (there was only one minority member), had only served to increase their fears.

The administrative conflicts mentioned above, were fairly easily and quickly resolved. Since the Training Incorporated incident, the PIC had come to rely on the Mayor as the final arbitrator of conflicts. Since the Mayor felt that he had been mislead by META and the Director of OHR over the Training Incorporated contract, he tended to resolve these conflicts by siding with the PIC. In fact, in an interview, the Mayor confided that he would solve these conflicts by "simply picking up the phone and
ordering CETA to go along with what the PIC wanted. While not mentioned directly by any local actor, it also seems plausible that one reason why the Mayor choose to resolve the conflict in favor of the PIC was not simply because he had been previously "mislead" by OHR and META, but rather, he could not afford to alienate the powerful business leaders who sat on the PIC. Given a choice between alienating his own bureaucracy (which he presumably controlled) or the private sector (whose support he relied upon in the last election), he quite naturally choose the bureaucracy.

Administrative conflicts were seen by local actors as having a negative impact on the program's performance. Respondents felt that both the PIC's underspending of program funds and general slowness in getting the program fully implemented, were attributable to these conflicts. PIC staff claimed that a large portion of their time had been spent trying to clear-up administrative matters with META officials. Consequently, they felt they had only minimal time left over to devote to such activities as developing training programs and creating links with such activities as economic development. In addition, PIC members expressed the sentiment that the administrative conflicts did have an impact on their participation in the program. A few members stated that they had become
"turned-off" from PIC matters because of all the fighting and shifting of blame that continually went on under the program.

In summary, the Memphis PSIP program has been found to have numerous instances of programmatic conflict both over program goals and implementation means. Much of the implementation conflict that occurred in the later stages of the program's development, was seen to be a direct result of the earlier conflicts over program goals. Conflict was found to have an overwhelmingly negative impact on the program's overall performance. Organizational/philosophical factors were found to be the cause of much of the program's administrative conflicts. Organizational factors were primarily seen as the cause of conflict over program goals. Conflict directly involving political officials did occur in Memphis, and was viewed depending on the organizational affiliation of the actor, as having both positive and negative impacts on performance. Resolution of conflict proved to be very difficult for local actors to resolve, and in some instances defied solution. Organizationally based conflict on the other hand was usually quickly resolved by local actors, who relied upon both bargaining and politic processes.
Case III: Louisville/Jefferson County

Introduction and Overview

Unlike the two previous cases this research has examined, the Louisville/Jefferson County Consortium was not selected to be one of the Title VII demonstration sites. However, as in the other two sites, Louisville's Title VII program suffered from a lack of initial interest or concern on the part of PIC members and local prime sponsor staff. The Louisville PIC held its first meeting in August 1979, and pledged that the PIC would be a council that would have a definite direction and purpose, and would "not meet simply to be meeting" (Private Industry Council Meeting, August 20, 1979). However, despite this pledge, it took the PIC over 15 months (November 1980) before its first program became operational.

The major factor that played an important role in delaying Title VII implementation was that the program was not a high priority on the agenda of the Louisville Manpower Planning Office (MPO), which administered CETA programs for the consortium. As Table 22 illustrates, for fiscal year 1979, Title VII represented only 2% of the Consortium's total CETA allocation. MPO put the vast majority of its time into planning and developing activities for Title II A, B, C, II-D, and VI, which represented
### Table 22
Summary of Louisville CETA Funding By Title: 1979-1982

<table>
<thead>
<tr>
<th>Fiscal Year (In % of Total)</th>
<th>Title II A,B,C</th>
<th>Title II D</th>
<th>Title VI</th>
<th>YCCIP</th>
<th>YETP</th>
<th>Title VII</th>
<th>SYEP</th>
<th>Total</th>
<th>% Change between Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>4,025,014 (34%)</td>
<td>2,893,285 (24%)</td>
<td>4,028,174 (34%)</td>
<td>160,676 (1%)</td>
<td>544,821 (5%)</td>
<td>184,769 (2%)</td>
<td>N/A</td>
<td>$11,836,699 (100%)</td>
<td>(+7.6%)</td>
</tr>
<tr>
<td>1980</td>
<td>4,226,313 (33%)</td>
<td>3,301,271 (24%)</td>
<td>2,880,830 (23%)</td>
<td>277,552 (2%)</td>
<td>1,342,083 (11%)</td>
<td>709,127 (6%)</td>
<td>N/A</td>
<td>12,737,176 (-39%)</td>
<td>(+2.8%)</td>
</tr>
<tr>
<td>1981</td>
<td>4,719,084 (38%)</td>
<td>3,682,890 (30%)</td>
<td>1,956,237 (16%)</td>
<td>303,072 (2%)</td>
<td>935,250 (8%)</td>
<td>784,177 (6%)</td>
<td>N/A</td>
<td>12,380,710 (-39%)</td>
<td>(-59%)</td>
</tr>
<tr>
<td>1982</td>
<td>4,842,935 (64%)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>788,390 (10%)</td>
<td>1,911,591 (25%)</td>
<td>7,542,916 (-39%)</td>
<td>(-59%)</td>
</tr>
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*error due to rounding

YCCIP: Youth Community Conservation and Improvement Program
YETP: Youth Employment and Training Program
SYEP: Summer Youth Employment Program

Source: Employment and Training Administration.
92% of their total CETA allocation. As the MPO Executive Director explained: "Title VII represented only 2% of our total allocation, therefore, my staff allotted it, only 2% of their time." However, in subsequent years as Title VII's proportion of the total Louisville CETA allocation grew, MPO became considerably more interested in the program.

PIC's Organizational Position

While the city of Louisville has a mayor-city council form of government, because the prime sponsor is a consortium of both the city of Louisville and Jefferson County, both the Mayor and County Judge/Executive have decision-making power over CETA. They exercise this power through their joint control over the CETA Executive Committee. This committee in turn oversaw the Manpower Planning Office, which as already pointed out, administered CETA programs for the area. Because ultimate liability for Title VII rested with the prime sponsor, it was determined by local officials that the prime sponsor, through its CETA Executive Committee, MPO, and MPO Director, would maintain "ultimate authority" over all Title VII activities (for an organizational chart of Louisville's CETA system see Appendix 3).
Initially, PSIP was managed by the planning section staff in MPO. The Executive Director had primary responsibility for the program during the early stages of planning and implementation, with lower level staff having very little contact with the program. Eventually, PIC members decided that it really needed a staff that was apart from the MPO staff, and thus contracted with the local NAB office to provide staff support. Two staff members, an executive director and planning coordinator were eventually hired.

Past Private Sector Participation

There had been a number of pre-PSIP ties between the private sector and CETA in Louisville. While the Chamber of Commerce did not interact on a frequent basis with MPO, a member of the Chamber did act as Chairman of MPO's Manpower Advisory and Planning Council (MAPC). In addition, the Director of Louisville's metro NAB was also the President of Action Now, Inc., which operated MPO's largest Title II OJT contract. The participation of minority businesses, while not extensive, was indirectly gained through the Urban League, which although not represented on the MAPC, did operate a Title II OJT program for the prime sponsor.
Unlike the situation in both Houston and Memphis, CETA maintained a fairly good relationship with big business in Louisville. Many of the major employers in the area such as General Electric International Harvester, Ford, etc., participated in CETA programs by hiring the economically disadvantaged, as well as by serving on the MAPC.

CETA System Health

Local respondents characterized Louisville's CETA system as being quite strong. The MPO staff was viewed as being very capable and experienced, and the entire manpower system was seen as being free from scandal and corruption. In addition, success stories concerning CETA trainees had appeared from time to time in the local newspaper, and had thus provided the system with a fairly good reputation in the local business community. Indeed, local actors believed that the positive response of employers to CETA was directly due to its having a good local image.

Local Economic Conditions

While the economy in the Louisville SMSA is widely diversified, it can be broken-down into two major sectors: manufacturing (29% of total employment) and nonmanufacturing (71% of total employment). Compared to the nation, Louisville's economy during the seventies showed a sluggish
growth rate. Estimates developed by the Louisville Employment Security office for the Louisville SMSA revealed only a 4.2% increase in the number of jobs between 1970 and 1976, compared to a national increase of 11.3%.

During the implementation of the PSIP program, the Louisville economy was in a particularly depressed state. The local unemployment rate had averaged approximately 8%, with a 35% unemployment rate among black youth, and a 14% unemployment rate among black adults. Many of the individuals MPO had placed over the past six years with companies such as G.E., Ford, and International Harvester, had been laid-off due to their lack of seniority.

Local respondents felt that the impact of these economic conditions on PSIP had been two-fold. First, they saw the economic slow-down as making it harder for organizations like MPO and PIC to place participants in jobs since very few employers were hiring. Secondly, as the Executive Director of MPO pointed out, the impact of these layoffs on PSIP came in the sense that it indicated to the PIC members that the program had to be oriented to the needs of those individuals who had been laid-off by funding upgrading and retraining programs, rather than the needs of the hardcore unemployed.
Role and Importance of Local Actors

Three local actors throughout PSIP's history had been decidedly important in shaping the content of Louisville's PSIP program: the PIC Chairman, the MPO Executive Director, and the NAB metro Director. The PIC Chairman (Manager, Community Affairs and Facility Services for the General Electric Company) perhaps had been the major decision-maker in the program. He had been most influential in deciding what programs and service deliverers the PIC would or would not fund. For instance, a number of CBO's and local education associations had pressured the PIC to fund particular programs involving their organizations. However, due to the PIC Chairman's influence, and his posture that these groups should not be receiving Title VII funds, these program proposals were routinely rejected.

The second major actor, the MPO Director had played a major role in trying to improve Title VII implementation procedures. He had offered the PIC support staff, and had also helped in designing programs to be placed out for RFP's, and in developing the PIC's planning schedule. In addition, he had continuously pushed the PIC towards linking up with other local economic development efforts.

The final major actor, the NAB metro director had played a central role in shaping the content of PSIP. While he did not formally sit on the PIC, he was well known
by other PIC members and was particularly friendly with the PIC Chairman. Because NAB was awarded the PIC staffing contract, he had considerable influence over the PIC staff and what they eventually presented to the PIC membership. Thus, through his control over the staff, and ties to some influential PIC members, he had a major influence over the PIC agenda and the direction the program moved in.

**Louisville PSIP Performance**

The Louisville PSIP program had funded relatively few training programs. Of the four programs that the PIC did fund over its 2 1/2 year history, only two were considered by local actors to be of major importance. The first was an OJT follow-up program that was conducted by Action Now/NAB. This program provided the CETA participant and their employer with six months of follow-up counseling in OJT situations. The goal of this program was to enhance the on-the-job retention of CETA participants.

The second major PIC funded venture, was a skills exchange training program that was conducted by Glass Brothers Incorporated, a local private for profit minority business firm. This program sought to train 25 CETA eligible participants in the area of entrepreneurial skills development through the use of a two-phased computer-based curriculum. However, this program was confronted
with a number of problems, not the least of which were charges by the prime sponsor that the service deliverer was guilty of misappropriation of funds, gross mismanagement, and possible fraud and criminal malfeasance.

Examining the performance of Title VII programs in the aggregate, it becomes evident that their performance had been very poor. As Table 23 illustrates, for fiscal year 1980, PSIP failed in Louisville to enroll even one participant or account for one placement. This again reflects the PIC's slowness in funding and implementing training programs. For fiscal year 1981, despite the fact that participants had undergone training, PSIP's overall placement rate remained very low, having a 7% placement rate and a 6% private sector placement rate. This poor placement performance accounts for the extremely high unsubsidized and private sector placement costs of $34,008 and $36,134 respectively.

When Title VII's performance in Louisville is compared with the performance of Title II-B, C (no comparison is made here with STIP since this program did not exist in Louisville), it becomes clear that in terms of placement rate figures, Title VII was outperformed by II-B, C. In fiscal year 1980, II-B, C had the higher placement rate figures largely because Title VII simply did not fund any programs that year. However, in fiscal year 1981, as
<table>
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<tr>
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<th>10/1/79-9/30/80</th>
<th>10/1/80-6/30/81</th>
<th>10/1/80-9/30/81</th>
<th>National Average 9/30/80</th>
<th>Ohio State Average 9/30/80</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placement Rate</td>
<td>0%</td>
<td>0%</td>
<td>7%</td>
<td>42%</td>
<td>42%</td>
</tr>
<tr>
<td>Private Sector Placement Rate</td>
<td>0%</td>
<td>0%</td>
<td>6%</td>
<td>34%</td>
<td>37%</td>
</tr>
<tr>
<td>Cost Per Participant</td>
<td>N/A</td>
<td>$1,705</td>
<td>$1,558</td>
<td>$1,856</td>
<td>$1,657&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Cost Per Unsubsidized Placement</td>
<td>N/A</td>
<td>N/A</td>
<td>$34,008</td>
<td>$7,878</td>
<td>$5,069&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Cost Per Private Sector Placement</td>
<td>N/A</td>
<td>N/A</td>
<td>$36,134</td>
<td>$9,782</td>
<td>$5,538&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>% Wage Change After Training</td>
<td>N/A</td>
<td>N/A</td>
<td>8%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
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<sup>a</sup> Number of sites equal to 19; <sup>b</sup> Number of sites equal to 17.

Table 24 indicates, Title II-B, C still tends to outperform PSIP in both the placement rate and cost per placement categories. Indeed, despite the fact that PSIP had as one its main goals the placement of individuals into private sector jobs, Title II-B, C still was able to account for a higher percentage of private sector placements. Finally, as Table 24 also vividly illustrates, there is also considerably more underspending occurring in PSIP than in II-B, C. In fiscal year 1980, the PIC spent none of its authorized funds. In the following year, while it managed considerably better, it still failed to spend 26% of its allocation, compared with II-B, C's 1%.

Two additional indicators that are particularly useful in measuring PSIP performance as noted earlier in the case of Houston and Memphis, are the degree of innovativeness of the training program, and the percent of private sector vendors that were being utilized in training programs. When local actors were asked to characterize the degree of innovativeness in PSIP programs, most agreed that these programs were not innovative at all. Only the PIC's skills exchange training program was viewed as being truly innovative in the local context.

In addition, the PSIP effort in Louisville received low marks in the sense that it failed to make use of a large number of private sector service deliverers. Indeed,
<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year 1980</th>
<th>Fiscal Year 1981</th>
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<tbody>
<tr>
<td></td>
<td>Title VII</td>
<td>Title II-B,C</td>
</tr>
<tr>
<td>Placement Rate</td>
<td>0%</td>
<td>33%</td>
</tr>
<tr>
<td>Private Sector Placement Rate</td>
<td>0%</td>
<td>26%</td>
</tr>
<tr>
<td>Cost Per Placement</td>
<td>N/A</td>
<td>$1,926</td>
</tr>
<tr>
<td>Total Funds Authorized</td>
<td>$715,117</td>
<td>$6,153,954</td>
</tr>
<tr>
<td>Total Funds Expended</td>
<td>0</td>
<td>$4,291,976</td>
</tr>
<tr>
<td>Percent of Funds Spent</td>
<td>0%</td>
<td>70%</td>
</tr>
<tr>
<td>Wage Gain</td>
<td>N/A</td>
<td>N/A</td>
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only one out of the six programs the PIC funded in its 2½ year history made use of a private sector vendor. The other service deliverers that were used were simply the traditional type of vendors that had previously been funded numerous times under Title II.

Finally, an additional indicator of PSIP’s performance in Louisville is the degree to which the program stimulated and utilized private sector participation. Here, local actors gave PSIP rather high marks. They saw PSIP as increasing business participation in several respects: (1) in terms of providing the PIC staff with feedback on labor market needs; (2) in terms of giving advice on training curriculum; and (3) in terms of monitoring the actual performance of Title VII programs.

In summary, PSIP was not considered to be an overwhelming success in Louisville. Many local actors were disappointed in its slow development and implementation (and correspondingly high rate of underspending), its poor placement rate and cost per placement performance, and the lack of innovativeness and use of private sector service deliverers in its training programs. The only PSIP accomplishment was seen to be the increase that had come about in terms of general private sector participation in manpower affairs.
Programmatic Conflict in the Louisville PSIP Program

Now that the context of Louisville's PSIP program has been reviewed, it is possible to turn towards examining the role programmatic conflict had played in this prime sponsorship. As in the previous case studies, specific instances of PSIP programmatic conflict will be reviewed, focusing extensively on the nature, determinants, the impact, and the resolution of this conflict.

Conflict Over PSIP Goals

Conflict over PSIP goals in Louisville had occurred at two different stages of the program's development. First, during the early stages of the program's implementation when program goals and directions were first being articulated. Secondly, during the later stages of the program's implementation, when federal budget cuts caused some local actors to feel that a reorientation of the PSIP program was necessary.

Much of the goal conflict in the early stages of PSIP's development occurred over two program goals: (1) the formation of and purposes of a state-wide PIC; and (2) increasing the role of large corporations in CETA. The development of the state-wide PIC goal had been the work of the Louisville NAB metro director. This individual believed that this goal would be advantageous for two
reasons: (1) under federal regulations, multi-jurisdictional PICs would receive a 5% bonus in funding; and (2) a state-wide PIC would enjoy more leverage with the State government than would local PICs.

The local Director of MPO also adopted this goal, and felt that this would be an excellent organization to help coordinate manpower programs across the state. Given this goal, much of 1978 and 1979 were spent trying to work out agreements for a state-wide PIC that would have involved the coordinated effort of five prime sponsor areas: Northern Kentucky, Eastern Kentucky, Lexington, Louisville, and the Balance of the State. Business and industry leaders strongly backed the creation of a state-wide PIC, and felt it would serve two fundamental purposes: (1) as a clearinghouse and information exchange center; and (2) as a technical assistant, "an instrument that would have the clout and presence to assure participation of an access to the private sector, and would be of significance nationally in articulating private industry's point of view" (Memorandum, J.E. Deshazer, Commissioner Department For Human Resources, Commonwealth of Kentucky, July 31, 1979, p. 2). The State PIC was to be run by an executive committee with a total of 25 members; 8 appointed by the governor and 17 by the 5 prime sponsors.
However, conflict over this goal eventually developed between the business community and state level political officials on the one hand, and the prime sponsors on the other, over how much authority the state PIC's executive committee would exercise over the local PICs established in each prime sponsorship and represented on the State PIC. The business community wanted and strenuously pushed for a strong executive committee that could coordinate programs around the state. However, various prime sponsors (particularly the Bluegrass Employment and Training Program, which was composed of seven counties surrounding Lexington) demanded local autonomy. As the Executive Director of NAB pointed out: "There was considerable opposition by some of the CETA Directors who were turf conscious, and afraid that by cooperating with the others they would lose money for their own area."

In addition, as the Executive Director of the Louisville Urban League pointed out, the goal of forming a state-wide PIC was opposed by the CBO's across the state, because they felt that the state-wide PIC would be too heavily dominated by business and afford little opportunity for minority participation.

Eventually this conflict was resolved when a compromise was struck between the prime sponsors and the business leaders. It was agreed that the size of the state PIC
would be significantly pared down. Instead of the original 25 members, the compromise called for a state PIC that would be composed of the five prime sponsor PIC Chairman and a sixth member who would serve as the Chairman of the state-wide body. The prime sponsors felt that this compromise had given them their autonomy, while the business leaders believed it left them with considerable coordination powers.

The major impact that this conflict had on the Louisville Title VII program was that it seriously delayed the program's development. The Louisville PIC Chairman, one of the chief backers of the state-wide PIC proposal, refused to begin implementing the local PSIP program until the state-wide PIC issue had been completely resolved. Thus, as conflict entered into the planning and negotiation stages of the state PIC issue, the Louisville PSIP program came to a standstill. No PIC meetings were held, PIC members began to lose interest in the program, and PSIP institution-building was nonexistent.

The goal of increasing the role of large corporations in CETA was an additional source of conflict in the early stages of PSIP. The PIC Chairman and the local NAB felt that the PIC should be comprised of large corporations who had previously not been involved in CETA matters. In addition, they believed that the majority of jobs were to be
found with these employers, and that jobs provided by small businesses were not "desirable". In contrast, MPO believed that small business participation in the program was very important, and that according to the MPO Director, "the thrust of PSIP's community economic development efforts should be directed towards small minority businesses."

The matter never actually received formal resolution. Despite MPO's objections, the PIC sought to place large corporations on the PIC, such as Brown-Williamson Industries, Brown-Forman Distillers, Philip Morris, etc. The only small business that was represented on the PIC was the Community Affairs Director of WLKY-TV, a local television station. The MPO Director decided not to press the issue, out of the fear that he would alienate the PIC Chairman so early in the program's development.

As mentioned earlier, conflict over goals in the Louisville PSIP program did not reappear until major cutbacks in CETA on the federal level led some local actors to call for a reorientation of the PIC's goals. Two new Title VII goals were then articulated by local manpower actors: (1) that Title VII funds be used to carry on programs that could no longer be funded under Title II due to budgetary constraints; and (2) PSIP policies and procedures should become formally institutionalized. The conflict
that developed over these two new goals were really inter-twined in the sense that it was being caused by similar factors.

The conflict over the institutionalization goal developed out of different interpretations of the term "institutionalization". For PIC members and PIC staff, this goal was perceived as further defining the agreed upon Title VII policies and procedures by restructuring the PIC and creating a large and more efficient organization. However, when the prime sponsor spoke of institutionalization, it meant that this should be done vis-a-vis the prime sponsor. MPO viewed institutionalization as creating a larger and more formal link between the PIC and the rest of the CETA system; for the PIC it meant the opposite - less control from CETA with the PIC having more control over its own operations.

Local actors believed that organizational factors were at the heart of this conflict. Basically, the fight over the institutionalization goal came down to be a debate over the PIC's autonomy. It was clear that the PIC's position was the same as the one it held from the start of the program, that of maintaining its independence from the rest of the CETA system at all costs. As the PIC Chairman proclaimed: PICs who do not control authority, are nothing but extensions of the CETA advisory councils." In contrast,
MPO in the face of the CETA budget-cuts wanted to see the PIC in a less autonomous position, and more dependent on their services.

The PIC on several occasions had made it fundamentally clear that they did not want to lose their autonomy. One area in which they felt their independence would be threatened was if they began to fund programs that had previously been funded under one of CETA's other titles. They believed that this would eventually cause the PIC to lose its private sector orientation. This attitude is clearly illustrated by the local furor over the National Association of Counties (NACo) recommendations concerning the future of CETA and Title VII in light of the Reagan Administrations budget cuts. NACo had recommended that CETA Titles II-B and VII be combined, arguing that this would bring about a needed simplification in grants, reporting, and program administration. Secondly, NACo recommended that the PIC be consolidated into the planning and youth councils that also existed within the CETA system. They argued that "It is wasteful and future funding cuts may make it impossible for prime sponsors to staff three councils. The council could maintain 51 percent business representation, but accountability demands that it be advisory to the prime sponsor" (NACo Fact Sheet, "CETA and the Private Sector" April 23, 1981). While MPO strongly
endorsed these recommendations (since they were in agreement with their views on institutionalization), the PIC strenuously disagreed, labelling these proposals as being "a step backward".

The conflict over the institutionalization goal, and the local furor over the NACo recommendations had two major impacts on the PSIP program. First, it escalated the hostility and mistrust that existed between MPO and the PIC. Neither organization trusted the other one's motives. Secondly, it made implementation of the program much more difficult. While both organizations agreed that institutionalization was important and necessary, because they could not agree on how this should be achieved, no institutionalization took place. The Louisville PSIP program continued to be run in a very haphazard fashion, without the benefit of well-defined policies or procedures.

Conflict Over Means of Implementation

The Louisville PSIP program was rife with instances of conflict over the mean of implementation. Indeed, local actors reported that programmatic conflict over implementation means occurred over such issues as: (1) PIC program funding decisions; (2) RFP procedure; (3) the PIC staffing contract; (4) Title VII administrative costs; and (5) the regulations governing service deliverer performance.
While all of the above issues sparked some level of conflict between Title VII actors, this research will focus only on those issues that were identified by local actors as being of significant magnitude and impact.

The first major conflict over implementation means that had a serious impact on PSIP's performance was the debate over the continued slowness of PIC's program funding decisions. As previously discussed, the Louisville PIC was extremely slow in funding Title VII activities and programs. MPO officials, worried that DOL would blame it for PSIP's slow start-up, pressured the PIC to begin funding programs and activities. This pressure took a number of different forms, from simply meeting and discussing the problem with the PIC Chairman, to requesting the prime sponsor elected officials (the Mayor and the County Judge) to alter the PIC membership by adding two representatives from local community economic development offices and three members from the business community. Business leaders on the PIC, however, felt that the PIC was not moving slowly, that they needed time to learn and deliberate. They therefore viewed MPO's request as being unwarranted.

One may have expected that this conflict would have been caused by organizational factors. That is, two organizations working in the same policy area with two different time-tables might clash because one was moving slower
than the other. However, local actors viewed this conflict as being caused by philosophical factors. Respondents reported that this conflict grew out of sharp philosophical differences on the part of the public and private sector individuals over their respective attitudes towards spending federal dollars.

A large number of local actors believed that MPO officials and PIC members from the private sector "lived in different worlds" when it came to spending public monies. As the PIC Executive Director pointed out:

CETA's attitude is that if you don't spend the money (the Title VII allocation) you lose it. Business, however, will not spend it until there is a good reason. They are more interested in cost-effectiveness, because naturally they are used to dealing with profit situations. CETA's major consideration is 'We put this many people in slots.' Business is more concerned with quality.

The public sector viewpoint here was well illustrated by the following comments made by the MPO Executive Director:

There are distinct differences between the PIC and us over the spending of money. Last year they (PIC) failed to spend $520,000 of their allocation. That money is lost! We felt that this was a tremendous waste of valuable resources. They look at it as 'So what, we didn't really lose anything.' That may be true, but the economically disadvantaged sure did.
Due to this conflict's philosophical character, it proved very difficult to resolve. No matter what pressure MPO placed on the PIC, it held firm on its stance not to simply spend money so they could say that they had spent it. As Table 24 had pointed out, in both fiscal year 1980 and 1981, the PIC had underspent its funds by a considerable margin.

A number of the other major conflicts over the means of implementation that occurred within the Louisville PSIP program can be considered together under the classification of "administrative conflicts." Included under this classification scheme are the following instances of conflict: differences that occurred in interpreting Title VII regulations, differences over intake procedures, differences over administrative costs, and differences over RFP procedures.

Local actors overwhelmingly believed that these administrative conflicts were directly being caused by organizationally based factors. Some local actors firmly believed that these instances of administrative conflict under Title VII were unavoidable; that they were inherent within the structure of the program. As the MPO Executive Director noted:

Organizational conflict is built into the (Title VII) law and regulations. It's impossible to split authority as it is done
under this Title. Everywhere the question of who has authority is unclear. Whenever the responsibility and authority for a program is split between two agencies you will have fighting and competition. Not to prove who is better, but over turf, over who has the power. This is the wrong type of competition. It is clearly a poorly written piece of legislation.

PIC members and the Mayor's aides felt that many of the administrative conflicts that took place were due to organizational jealousies on the part of the PIC and MPO staffs. As one PIC member stated: "They (the staffs) are incredibly jealous of each other. The overt hate, the petty exchanges, the roadblocks, and the slowing up of paperwork, are all instances of this jealousy. And it is not that one side alone is doing it, both sides are guilty."

However, much of the organizational jealousy that existed was on the part of the MPO staff, who believed that the PIC staff received special treatment and stature. This jealousy became especially apparent in the later stages of PSIP's implementation, when federal budget-cuts threatened a number of staff members jobs. As one CETA staffer explained:

People over at the PIC only have 1 year of experience, and we basically view them as being incompetent. Our department has just layed off 14 people, each of whom had more than 3-4 years of experience. Our jobs are in jeopardy, we are the more experienced in CETA matters, yet their jobs are not in jeopardy. Of course our attitude towards the PIC staff will not be good.
The net impact of these administrative conflicts has been three-fold. First, they slowed-down program implementation to the point that there was very little activity in terms of funding programs and placing the economically disadvantaged into jobs. This lack of activity, eventually had a negative impact on PIC member interest and private sector support for the program. As PIC meetings predominantly dealt with ways of resolving these rather minor administrative issues and conflicts, PIC members increasingly lost interest in the program and stopped attending meetings. Secondly, these administrative conflicts perpetuated the mistrust and hostility that existed between the MPO and the PIC. This increase in tension between the two, practically foreclosed the possibility that the two organizations could work together in the near future in a productive fashion. Finally, this type of conflict helped to create division among PIC members, some of whom aligned themselves with MPO. For instance, over the PIC staffing contract issue, a few PIC members (representatives of CBO's and local education agencies) supported MPO's position on the matter--that if NAB was awarded the PIC staffing contract, it would set-up an undesirable conflict of interest since the PIC Chairman also sat on the NAB's Executive Board. Since the PIC Chairman felt that these type of groups (CBO's LEA's, etc.) were of little worth to
the program to begin with, after they had expressed their open support of MPO's position, he gave them even less of an opportunity to voice their concerns by restricting their input into PIC decision-making.

Unlike Memphis or Houston where elected officials were frequently used to help resolve conflicts over the means of implementation, Louisville's elected officials remained removed from the conflict resolution process. Instead, conflict resolution was handled through the Mayor's aides who sat on the CETA executive committee. These aides sought to resolve the administrative conflict through the persuasion method. As one of the Mayor's aides stated: "I attempted to resolve the conflict by making phone calls to the different parties. I tried to play the role of mediator, being fair to both sides." While the majority of administrative conflicts were resolved through this method, the conflicts that had derived out of a difference in interpreting the Title VII regulations required that additional actors (such as DOL) be brought in to resolve the disputes. For instance, the conflict over whether an RFP was necessary required the intervention of DOL. MPO had taken the position that an RFP had to be used for all Title VII funding decisions. The PIC felt that this was ridiculous and that MPO was just trying to place a "road-block" in the way of PIC decision-making. Thus, both MPO
and the PIC turned to DOL for clarification of the Title VII regulations to determine if an RFP must be used. On the basis of DOL's response (that an RFP was recommended but not required) the matter was resolved, in this case in favor of the PIC who did not subsequently make use of an RFP.

In summary, there had been numerous instances of programmatic conflict in the Louisville PSIP program that had a negative impact on the program's performance. Conflict over program goals occurred in both the early stages of PSIP's development and had negative impacts on the program in terms of surpressing its development and creating hostility and mistrust between local manpower actors. Unlike Houston and Memphis, conflict over goals in Louisville derived out of organizational factors, such as turfism. In addition, conflict over the means of implementation was found to occur frequently throughout the program's history. It was found that this type of conflict had negative impacts on performance in terms of surpressing program development and implementation, promoting disinterest and division among PIC members, and furthering the hostility that existed between MPO and the PIC. While programmatic conflict was seen as the major factor for explaining the poor performance of PSIP, local economic conditions were also viewed as having an impact on the program's performance.
Summary and Comparison of the Three Case Studies

In summarizing the above discussion, parallels will be drawn between the experience of the Houston, Memphis, and Louisville PSIP programs. It is hoped that through this exercise, some general statements concerning the role and impact that programmatic conflict has had on Title VII implementation and performance can be developed.

(1) The existence of programmatic conflict over PSIP goals and the means of implementation was found to be widespread under the Title VII program. Interestingly, conflict over goals centered around only a few specific types of goals. The one PSIP goal that consistently evoked the highest level of conflict was the autonomy/independence goal. That is, there was widespread conflict over whether the goal of the PIC should be to create an independent manpower system, or whether the goal should be to integrate the PIC into the present CETA system, thereby creating a more comprehensive employment and training delivery system. This finding lends support to the observation made in Chapter 4, that both staff independence and incorporated status are powerful determinants of programmatic conflict. These two variables were found to be at the heart of the autonomy goal; that is, whether the PIC should have an independent staff and/or whether the
PIC should be incorporated.

Programmatic conflict occurred to a lesser degree over such goals as: (1) increasing the involvement of the private sector in employment and training programs; (2) running innovative training programs; and (3) marketing the PSIP and CETA programs to the local business community.

The programmatic conflict that occurred over the means of implementing the Title VII program centered around a number of different issues. These conflicts revolved around such issues as: (1) the size and membership of the PIC; (2) the underspending of Title VII funds including the slow progress towards results; and (3) administrative conflict over a variety of issues such as CETA response time and bureaucratic red-tape, PIC violation of Title VII regulations, CETA intake and referral procedures, and Title VII administrative costs.

A number of these conflicts can be seen to be directly related to the "health" of the local CETA system. For instance, in both Houston and Memphis where the health of the CETA system was described as being in poor health, it is not surprising to find that conflict tends to be over administrative issues that revolve around CETA's performance, such as general CETA slowness and red-tape, CETA inefficiency, and the performance of the CETA intake system. In contrast, in Louisville where there was a strong
CETA system, administrative conflict tended to be over the PIC's administrative processes. This may be one reason why conflict over means tended to be more muted in Louisville, than was the case in Houston or Memphis. However, the case of Louisville clearly shows that strong CETA system health does not guarantee that conflict between local actors over means will not occur. It simply serves to indicate that this conflict may be over a different set of issues.

(2) Programmatic conflict over PSIP goals was overwhelmingly viewed as stemming from organizationally based factors. In particular, conflict over the autonomy/independence goal was seen as developing from organizational factors. It was found that the autonomy goal frequently provoked fears on the part of the prime sponsor that their policy space had been infringed upon, and that their power and authority were being challenged.

(3) Programmatic conflict over the mean of implementation derived from both organizational and philosophical factors. Organizational factors that were seen as promoting conflict were: territorial sensitivity, staff jealousies, and the personalities of the local actors. Philosophical factors that were seen as promoting conflict were: differences over the spending of federal monies,
differences over what groups and organizations should be involved in the program's implementation, and different attitudes towards the economically disadvantaged.

(4) Organizationally based conflict was found to have a negative impact on PSIP performance. This type of conflict was found to be in part responsible for: (1) the slow development of the program in terms of funding training programs and activities; (2) the relative lack of institution-building that had taken place, most noticeably seen in the failure to agree upon a set of well-defined policies and procedures; (3) the lack of interest and activity towards the program on the part of PIC business representatives; and (4) the hostility and mistrust that existed between the PIC and the prime sponsor staff.

Many of the organizational conflicts that took place under Title VII were short-lived in nature. That is, much of this type of conflict was able to be resolved by local actors. The primary method used in conflict resolution was that of bargaining and politics, both of which required the intervention of a third party (usually the mayor or his aides).

(5) Philosophically based conflict was found to account for: (1) the widespread underspending of Title VII program monies; (2) the lack of innovative training
programs that were being funded; and (3) the high degree of mistrust and hostility that existed between the PIC and the prime sponsor. Resolution of conflict that was philosophically based was found to be quite difficult. In a number of instances, resolution proved to be impossible and the matter ultimately remained unresolved, making implementation more difficult.

(6) Programmatic conflict directly involving political officials occurred in only a few instances. For the most part, political officials showed very little interest in the Title VII effort. The major role that they played in the program was that of mediator; trying to resolve the numerous instances of conflict that erupted between local actors.
Chapter 6

SUMMARY AND CONCLUSIONS

Introduction

The preceding five chapters have dealt with various aspects of programmatic conflict in public/private manpower partnerships, in particular, the Private Sector Initiative Program. At this point, it is appropriate to step back and assess what has been examined and established by this analysis. To accomplish this task, the major findings from the previous chapters will be briefly summarized. In addition, some general observations will be made regarding the importance of conflict in studying the implementation of public policy. Following this will be some suggestions for changes in the design of future public/private manpower partnerships. Finally, some future directions for research that flow form this analysis will be outlined.

Summary of Findings

In the beginning chapters of this dissertation, a number of theories were examined that argued in favor of increased privatization efforts and joint partnerships.
between the public and private sectors in the employment and training area. These authors felt that a number of positive results would flow from such efforts. For instance, it was felt that manpower programs would become more aligned with the actual needs of the employer, become more effective and administratively efficient, as well as help the prime sponsor gain acceptance and support in the local business community.

However, after a review of a number of manpower programs that have sought to form joint partnerships between the public and private sectors, this research has found that these programs have accomplished very little in terms of what they set out to do. Indeed, this analysis has shown that there has been a general failure under these public/private manpower programs (Job Corps, NAB-JOBS, HIRE, STIP, PSIP) to enlist the support and active participation of the broader business community in the employment and training of the economically disadvantaged. In particular, in the case of the PSIP program, it was found that the partnership formed did not in many instances help the prime sponsor gain the acceptance or support of the local business community. Rather, the opposite was found to occur in many cases. The poor relationship that existed between the prime sponsor and the PIC caused many CETA systems to become even further alienated from the business
community. This was vividly shown to be the case in both Houston and Memphis.

Programmatic conflict in the implementation of government social programs has been found by numerous researchers to be both a frequent and quite natural occurrence in the policy-making process. Programmatic conflict has been found to exist by numerous researchers in both the formulation and implementation stages of employment and training policy. However, many studies found that conflict occurring in the implementation stages of these programs was having only a slight impact on the program's ultimate performance (for example, see Ohio State University, R and D Monograph 56, 1978, pp. 32-37). Conflict in many of these programs was found to be easily resolved, and in some cases found to have a positive effect on the performance of the program.

Indeed, organizational theorists have come to view conflict as having both functional and dysfunctional characteristics. The classic view of conflict was that it was dysfunctional to the successful operation of organizations. Effective organization under this view meant a well-ordered environment that was formally structured to achieve a definite objective. Activities and authority to direct those activities, along with the limits to means available for exercising that authority were specified. Conflict in this
view signalled incompleteness in formal organizational design. As Robert Miles points out:

The remedy (of conflict) was to further elaborate structure. Job analysis provided detailed information for prescribing task requirements and limits. Elaborate personnel selection, training and placement systems further reinforced order. The hierarchy of managerial authority, coupled with restrictions of communication to vertical channels, kept units separated and dealt with conflicts on the basis of authority (Miles, 1978, p. 123).

In contrast, a number of theorists have come to see positive or functional characteristics flowing out of conflict. One of the earliest of these theorists was Lewis Coser, who in his work *The Function of Social Conflict*, argued that conflict could indeed have functional characteristics. For instance, Coser argued that conflict may function to strengthen the linkages between groups; that it is healthy to provide an outlet for hostilities between two or more organizational units, if the relationship between those units were to survive. As Coser states:

Conflict is not always dysfunctional for the relationship with which it occurs; often conflict is necessary to maintain such a relationship. Without ways to vent hostility towards each other, and to express dissent, group members might feel completely crushed and might react by withdrawal. By setting free pent-up feelings of hostility, conflicts serve to maintain a relationship (Coser, 1956, pp. 47-48).
In addition, as Miles notes, conflict has been found to have a number of other potential benefits as well:

Conflict may function to maintain an optimum level of stimulation or activation among organizational members and contribute to the organization's adaptive and innovative abilities. It may serve as a basic source of feedback regarding the state of critical relationships within organizations, the distribution of power between units, and systemic problems that require management's attention (Miles, p. 123).

However, as this research has found, in the case of public/private manpower programs, conflict tended to be overwhelmingly dysfunctional in nature. In particular, organizational conflict that erupted under the PSIP program was found to have numerous negative impacts on the program's implementation and ultimate performance. Only in one instance (Memphis) was conflict viewed by local actors as having positive benefits. Here it was seen as helping to legitimate the PIC's role and authority within the prime sponsorship.

Programmatic conflict in PSIP has had the opposite effect on group cohesion and interest from what had been theorized by Coser and others. Coser felt that in many instances groups that were in conflict would have an attendant increase in internal cohesiveness. However, under the PSIP program it has been found that when PIC's engaged in prolonged conflict with the prime sponsor over
organizational matters, many private sector representatives became disenchanted and frustrated with the program and stopped attending meetings. In Houston, PIC members' frustration with organizational conflicts had reached such a high level that the entire PIC executive committee including the PIC Chairman resigned from the program at the same time.

In summary, not only has there been a high degree of programmatic conflict that has taken place under these public/private manpower programs, but this conflict has played a major role in disrupting and thereby impeding program performance. Indeed, it was found that programmatic benefits from these type of partnerships have not proven to be overwhelming (for a similar finding on this point see Ripley and Franklin, December 1981, p. 89).

In reviewing these public/private manpower programs, it was found that programmatic conflict did not stem from a single source, but rather, a number of varied sources. Conflicts in these programs were found to be caused by both philosophical differences that had existed between local groups and actors, and organizational disputes between established bureaucracies and newly created intermediary organizations. In particular, these two causes of programmatic conflict were found to be prevalent in the PSIP program. Within PSIP, organizational conflict was
found to derive from territorial sensitivity between the prime sponsor and the PIC, PIC and prime sponsor staff rivalries and jealousies, and the personalities of the local actors. Philosophical conflict in the program was found to derive from differences between local actors over the spending of federal monies, differences over what groups and organizations should be involved in the program's implementation, and different attitudes towards the economically disadvantaged.

Conflict directly involving political officials (what has been referred to here as "political" conflict) occurred in only a few minor instances. Indeed, earlier in the dissertation it was suggested that not only would political conflict occur under Title VII, but that this conflict would have a negative impact on the program's performance. It was felt that political officials would become involved in the PSIP program and politicize conflict for a few specific reasons. First, it was felt that political officials would become involved due to their concern over on what and on whom these Title VII dollars were being spent upon. Secondly, it was felt that community-based organizations would politicize the PSIP decision-making process. Given their minority status on the PIC, it was felt that they might react by lobbying political officials to intervene into the program so that more of the Title VII dollars
would be funnelled in their direction.

Unfortunately, due to the nature of the Title VII program, the determinants and impacts of political conflict could not be adequately addressed by this research. This is because the entire Title VII effort was so small in size when compared with the other CETA titles, that both political officials and CBO's showed little interest in the program. As the case analyses illustrated, in the few instances when political officials did become involved in the program, it was not as a result of their own initiative, but rather, at the request of one of the local PSIP actors who hoped that through their intervention programmatic conflict within the program would be brought to an end. In addition, CBO's were not found to be overly concerned with receiving Title VII dollars or having a large part in the program's decision-making processes. They were far more interested in being a part of the decision-making apparatus that had authority over the other CETA titles, such as the employment and training advisory committee. It was under these other CETA titles where the majority of the prime sponsors employment and training funds were located.

However, just because political conflict was not found to exist in this investigation does not mean that political conflict will not erupt under this program in the near future. As the entire U.S. employment and
training system is restructured, and as the private sector is given a larger mandated role in program decision-making (as is presently the trend), both political officials and local CBO's may become more involved in these private sector initiatives. While previously CBO's did not view Title VII as a threat to their interests due to its relatively small size, as the private sector is given a larger share and control over employment and training funds one can expect CBO's to begin to see their interests as being threatened. They are likely to react by making demands on local political officials to intervene into the local employment and training decision-making process on their behalf. This intervention will ultimately politicize program decision-making.

An additional reason that may explain why political conflict did not take place under the program lies in the fact that the clientele groups served under PSIP seemed to be totally removed from the decision-making process. As mentioned earlier, the economically disadvantaged were not given any direct representation in this program. Instead, it was felt that the economically disadvantaged would be indirectly represented on the PIC by local CBO's. Theoretically, it was felt that CBO's represent the interests of specific groups in the local community. As the term "community-based organization" has been defined by the CETA Amendments of 1978: "The term 'community-based organization' means
private non-profit organizations which are representative of communities or significant segments of communities and which provide employment and training services" (Federal Register, Volume 44, No. 65, April 3, 1979, p. 20024).

However, it is not clear whether these CBO's have come to serve their client interests or whether they have come to serve their own unique organizational interests. For instance, while local CBO's may not have been threatened by Title VII (since their organizational interests were being served by the other CETA titles), had the economically disadvantaged been given an opportunity to participate in PSIP decision-making, they may have seen their interests as being compromised. They in turn may have been aggressive in lobbying political officials to intervene in program decision-making. It is certainly possible that political conflict under Title VII may have been more acute had the poor been given direct representation on the PIC, or if they had been made aware that this new private sector initiative even existed. (While PICs spent thousands of dollars on marketing the PSIP program to local employers and business organizations, very little effort was expended on informing the client community that such a new manpower initiative had been developed.)

The programmatic structure of PSIP also made it very difficult for local CBO's to play an important and
influential role in the program. One possible reason why political conflict was so muted under Title VII may be because on the national level the program was structured (whether knowingly or not) in a manner that almost ensured that CBO's would be in a relatively powerless position. First, while the regulations require that CBO's be represented on the PIC, in many cases this representation was really token in nature. In the majority of cases, only one or two of the local CBO's in a prime sponsorship were given membership on the PIC (see P/PV, Third Year Interim Report, May 1981). Indeed, as the case analyses indicated, there was a general resistance on the part of PIC private sector representatives to giving CBO's membership out of the fear that the PIC would be transformed into "just another one of the CETA advisory councils." Thus, given the minority status on the PIC, there was very little internally that CBO's could expect to accomplish.

Secondly, the program's structure seemed to place an external check on CBO's. Due to CBO's broad organizational interests, many were dependent on maintaining good constructive relationships with the private sector. After all, these CBO's relied heavily on the private sector for the placement of their respective clientele. Thus, it was not in their direct interests to object strongly to PIC decisions. It made even less sense for these CBO's, given
their organizational concerns, to try to politicize Title VII decision-making by pressuring political officials to intervene. Local CBO's could not afford to alienate the business representatives that sat on the PIC, many of whom were the most important leaders in the local business community. Thus, not only were CBO's constrained in the sense that they were a small minority on the PIC, but that the other members of the Council were individuals they could not afford to alienate. In many ways then, both CBO organizational interests and PSIP programmatic structure prevented minorities from playing an aggressive role in Title VII decision-making. Therefore, it is hardly surprising that so little political conflict took place under Title VII.

An additional major finding of this analysis was that programmatic conflict had a negative affect on PSIP program performance. Both organizational and philosophical conflict were found to have negative impacts on the program's ultimate performance. Organizational conflict was seen as impeding the performance of the program by delaying and forestalling institution-building, by slowing down program decision-making procedures, by creating distrust on the part of the business community, and by creating hostility and tension between the PIC and prime sponsor staff. In addition, philosophical conflict was found to create a high
degree of mistrust and hostility between these two organizations' staffs.

The review and examination of these public/private manpower programs presented in this analysis also found that there were a number of internal and external factors that consistently constrained program performance. Internal factors were found to be: (1) the quality and commitment of staff personnel; (2) the commitment of these organizations and non-governmental leadership; (3) the organization's commitment to the program based on a sense of social responsibility to the disadvantaged, rather than to the self-interest or profit motive; and (4) the nature of the relationship between the intermediary organization and local manpower officials and staff. External variables that were found to constrain program performance were: (1) the support for government social programs that is held by the local business community; (2) the reputation of the local CETA system; and (3) local labor market conditions.

Interestingly, when this research examined the determinants of conflict within the PSIP program that served as constraints on performance, many of the above factors were also found to be important. Specifically, PIC staff quality and CETA system health were found to be important determinants of programmatic conflict. In addition, the variables of PIC incorporated status and staff independence,
both of which were found to play a large role in determining the nature of the relationship between these organizations, were also found to be powerful determinants of PSIP conflict. This is an important finding in that it suggests that the problems that erupted under PSIP conflict were similar to the problems that occurred and ultimately constrained other public/private manpower programs. What this indicates is that the findings of this analysis are not only true of the PSIP experience, but are applicable to the experience of other public/private manpower programs.

Finally, this analysis examined the role of and actors involved in PSIP conflict resolution and management. It was found that different types of conflict were easier to resolve and manage than others. Organizationally based conflict was found to be moderately easy to resolve, and therefore tended to be short-lived in nature. Here, local actors were found to resort to the bargaining and political processes in bringing this conflict to an end. However, the handling of philosophically based conflicts proved to be very different. Here, resolution and management of this conflict proved to be quite difficult. Local actors resorted to the persuasion process in trying to bring an end to the conflict, but when these attempts failed, the
conflict persisted throughout the life of the program. This finding clearly indicates the importance of determining the nature of the conflict a social program is faced with rather than treating all conflict as if it were a monolithic concept. This analysis has shown that not all program conflict is alike. Rather, depending on whether one is dealing with conflict over goals or conflict over implementation means, or whether this conflict is organizationally or philosophically based, one will find differences not only in its determinants, but also in its impact on program performance, and the ways in which it may be resolved. (In addition, the degree of conflict and controversy over implementation has been found to vary by policy type, e.g., distributive versus redistributive, etc.; see Ripley and Franklin, 1982, pp. 190-192).

These findings also have relevance to the public policy literature. Students of public policy (in particular, policy implementation) have developed a number of alternative paths for improving program implementation, and thereby improving program success and performance. One school of thought has been that any implementation problem could be overcome through better management of the implementation process. These individuals argue that programmatic conflict within a programs implementation can be handled through organizational management procedures. As
Elmore notes in his review of the "systems management model" of social program implementation:

A frequent explanation for the failures of implementation is 'bad management.' We generally mean by this that policies are poorly defined, responsibilities are not clearly assigned, expected outcomes are not specified, and people are not held accountable for their performance.... Failures of implementation are by definition, lapses of planning, specification, and control. The analysis of implementation consists of finding, or anticipating, these breakdowns and suggesting how they ought to be remedied (Elmore, 1978, pp. 191 and 195).

Under this conception, conflict is seen as stemming from organizationally based factors that can be resolved through organizational means.

However, as this analysis has shown, programmatic conflict is not always organizationally based. Indeed, in the case of these public/private manpower programs much of the conflict that did occur was philosophically based. When this is the case, organizational management procedures used in trying to resolve this conflict will be of little utility. As the three case analyses showed, despite the use of organizational pressures such as withholding Title VII monies, or slowing down PSIP paperwork, as well as persuasion methods, philosophically based conflict proved in many instances impossible to resolve.

The question arises whether the philosophical conflict that arose under Title VII could have been avoided. Did
national policy-makers take into consideration the fact that the groups they were bringing together under this Title had distinct philosophical viewpoints towards training and employing the economically disadvantaged? Did they give careful attention to the structure of Title VII?

As was pointed out in Chapter 3, which analyzed the formulation and implementation of Title VII, the question of whether these groups could work effectively together and reach consensus on issues was never directly addressed by policy-makers in any great detail. Rather, policy-makers were primarily concerned with developing broad programmatic goals for the Title VII effort that would be acceptable to the large number of interest groups that had a stake in this program. Very little attention or concern was given to the means of implementing Title VII goals. As was the case for the Community Action Program of the 1960's, policy-makers gave primary attention to including various groups in the decision-making process out of concern for citizen participation, while giving only minor attention to whether the actors they had included could effectively work together on the local level. In both of these programs, implementation was divorced from policy.

In this respect, it is clear that the Title VII program suffered from a similar failing of previous government social programs. Haar in his study of the Model Cities
program found that national policy-makers had given little attention to the means of implementing that program. His analysis found that policy-makers had left questions over implementation up to governmental agencies and local officials to solve. This according to Haar had a number of undesirable affects on the program. As he notes:

...the structural problem (of the Model Cities program) were not solved by deferring them; they would not fold their tents and steal silently away. All the conflicting demands that were not resolved legislatively remained for HUD to cope with during the administration of the program, which resulted in intense political bargaining within the agency when guidelines were being formulated. Only on some issues was HUD able to agree within itself and specify emphases and priorities. With no guidance from the act, HUD asked, in effect, for two different strategies, irreconcilable as they might be. On the one hand, "agreements" that could be reached within HUD were compromises that permitted considerable local discretion. On the other hand, on many issues of relative priority no agreement could be reached. Some issues aroused such diverse political pressures that HUD could not take relative priorities firmly in hand; in addition, there was always the political pressure that it ought not. In any event, the political job of structuring objectives tended to pass not only from Congress to HUD, but from HUD to the locality (Haar, p. 137).

Another instance where national policy-makers gave little attention to the implementation means of a program was found by Pressman and Wildavsky in their study of the Economic Development Administration's employment effort in Oakland. Pressman and Wildavsky found that in the Oakland
program, the formulation of policy was divorced from its eventual execution. As they note:

From the outset the emphasis was on designing the program, obtaining initial agreement at the local level, and committing the funds. All of this was done quickly, with fanfare and enthusiasm, by EDA leaders and by the agency's special Oakland task force. The later steps of implementation were felt to be "technical questions" that would resolve themselves if the initial agreements were negotiated and commitments made. But the years have shown how these seemingly routine questions of implementation were the rocks on which the program eventually foundered (Pressman and Wildavsky, p. 143).

These authors conclude that implementation can be improved by making sure that policy-makers give as much attention to the means of implementation as they do to programmatic goals. As Pressman and Wildavsky point out: "Implementation must not be conceived as a process that takes place after, and independent of, the design of policy. Means and ends can be brought into somewhat closer correspondence only by making each partially dependent on the other" (Pressman and Wildavsky, p. 143). Pressman and Wildavsky conclude their analysis with a plea to policymakers to join policy more closely to implementation by paying as much attention to the creation of organizational machinery for executing a program as for launching one.... Although those who design programs might not generally enjoy the less exciting work of directing their implementation, a realization
of the extent to which policy depends on implementation could lead such people to alter their own time perspectives and stay around for the technical details of executing a program (Pressman and Wildavsky, pp. 145-146).

However, realistically speaking, there seems to be little chance that policy-makers will become more interested and concerned with implementation and the technical aspects of public policy in the near future. Indeed, there are a number of factors which serve to lessen policy-makers interest in implementation. Morris Fiorina has developed an interesting argument which suggests that policy-makers are not overly concerned with policy implementation because of the negative affect it would have on their electoral chances. As he notes in his description of the "Washington system":

By working to establish various federal programs...congressmen earn electoral credit from concerned elements of their districts. Some federal agency then takes Congress' vague policy mandate and makes the detailed decisions necessary to translate the legislation into operating programs. The implementation and operation of the programs by the agencies irritate some constituents and suggest opportunities for profit to others. These aggrieved and/or helpful constituents then appeal to their congressman to intervene in their behalf with the bureaucratic powers that be. The system is connected when congressmen decry bureaucratic excesses and red tape while riding a grateful electorate to ever more impressive electoral showings (Fiorina, 1977, p. 71).
In addition, Hargrove has pointed out a number of reasons of why there is a "general neglect" towards implementation on the part of policy-makers. He cites such reasons as: (1) the strong constituency orientation of legislators caused by "the splintering of the system of political representation in a continental federal system with weak national parties"; (2) agencies that are not geared to plan for the implementation of new programs because of tremendous work-loads, that result in new programs being pressed into familiar modes of operation; and (3) policy executives that tend to focus on new programs and legislation instead of program implementation because of the difficulty of getting responsiveness from department career civil servants in regard to changes in implementation (Hargrove, 1975, pp. 110-116). Hargrove concludes from this set of reasons that it would be an incredibly difficult task to get policy-makers to become more concerned with program implementation. As he notes: "...an effort to change political incentives to foster greater concern for implementation might be equal in difficulty to an attempt to redirect producers, workers and consumers from profit maximizing behavior in the economic system" (Hargrove, p. 111).

Given the above factors, it is difficult to believe that because research has pointed out the importance of
clearly structuring implementation procedures that policy-makers will automatically heed this advice. Indeed, in terms of one of the main points of this research - that policy-makers must begin to closely examine the philosophical differences that may exist between local implementors - one can envision numerous reasons why they in fact would not do so. One central reason may be the overwhelming concern given towards citizen participation by today's policy-makers. Calls for increased citizen participation in governmental decision-making seem to have strong political support from all levels of government (see Cole, 1974). Indeed, citizen participation has been seen as having a number of positive benefits for society. Citizen participation is thought to: (1) help to bring important perspectives and views to government which might not otherwise be heard; (2) provide essential experience in government which is needed for enhanced political development of disadvantaged groups; and (3) encourage government to be more responsive to those whom it is intended to serve (see Symposium of Neighborhood and Citizen Involvement, Public Administration Review, May/June, 1972, No. 3; Yates, 1972; Whitaker, 1980). In addition, numerous studies done in the late 1960's by such organizations as the Advisory Commission on Intergovernmental Relations, the National Commission on Urban Problems, and the National Advisory
Commission on Civil Disorder (Kerner Commission), have recommended that citizen involvement in government decision-making be increased.

However, while policy-makers seem to be pre-occupied with broadening citizen involvement in the policy process, little thought has been given to the philosophical conflict that may erupt from putting diverse groups together in the implementation of social programs. In fact, some have argued (although providing little empirical evidence) that one can expect less conflict to occur in social programs because of increases in citizen participation. Joseph Zimmerman has hypothesized that programs that allow for citizen involvement should ultimately result "in a lowering of tensions between citizens and bureaucrats" (Zimmerman, 1972, p. 207). Little attention has been given to the conflict that may occur as a direct result of this involvement, or to the most effective ways of structuring this involvement so philosophical differences between actors will be lessened. Policy-makers may want to develop "implementation scenarios" in order to determine beforehand the prospects that under a given programmatic structure, local actors would be able to work effectively together (see Bardach, 1979, pp. 250-263). Certainly, if more thought and careful planning had been given to the structure of the public/private partnership in PSIP, and to the diverse
groups it was seeking to bring together, much of the philo-
sophical conflict that took place could have been avoided.

**Constructing a Better Partnership**

Given the large number of problems and conflicts that were found to constrain the implementation of public/private manpower programs severely, the question arises whether or not a partnership between these two sectors can be designed that would effectively eliminate or reduce a number of these problems. Should these partnerships be abandoned or perhaps just fine-tuned? In addition, are there other policy options that can be taken that could more effectively achieve the goals that were originally enumerated for these partnership programs?

Ideally, the perfect public/private manpower program would be one that would both effectively train and place the economically disadvantaged into private sector jobs. Under this program, businesses would voluntarily come forth to participate in these programs and would: (1) help to design and operate training programs; (2) give advice on employment opportunities in the local labor market; (3) give advice on how other local employers could be attracted to the program; and (4) hire the economically disadvantaged. Under these programs, power struggles and/or philosophical
differences between the two sectors would be minimal, with both sectors earnestly working in concert to achieve the goals of the program.

However, as we have seen, in the real world such a program stands little chance for success. One reason lies in the voluntary aspects of the business participation that is required. Under the idealized conception, local employers are seen as participating in the program out of reasons of social responsibility. As the review of past manpower programs in Chapters 2 and 3 found, purely voluntary efforts have not resulted in much sustained private sector participation in increasing the employment of the economically disadvantaged. In addition, we have seen that when control over program decision-making has been given to the private sector as a means of inducing greater participation, not only has this participation not been overwhelming, but that a number of organizational and philosophical conflicts between organizations develop.

Ultimately, the major question becomes one of whether a public/private partnership can be designed that would induce businesses to participate, while at the same time not creating a system under which there would be overt organizational and philosophical conflict between the two. Unfortunately, there seems to be no easy or uncomplicated answer to this question. Based on the past performance of
these type of partnerships, it seems that the more one increases private sector control over the program, while one achieves the desired increase in business participation, it comes at a cost of increased organizational and philosophical conflict. In contrast, the more one reduces the decision-making authority of the private sector in these programs, while there is a reduction in the level of organizational and philosophical conflict, there is also only minimal business participation.

One proposal that has been raised to overcome these problems, is that the private sector through the PICs should take over the entire employment and training system, in essence become the prime sponsor. Since there would be no public sector organization with which to compete, there would be a dramatic reduction in the organizational and philosophical conflict that hampered the implementation of the previous partnership. There would of course be increased problems with such things as accountability and liability for these public monies that are being used.

This research provides some evidence that suggests that this proposal would not be a viable solution to the problem at hand. Many private sector representatives who were interviewed for this research strongly felt that the PIC should not be elevated to prime sponsor status. Many confided that they had a tough enough time dealing with
the responsibilities that have been given to them under this title. In addition, there was a strong sentiment from these private sector representatives that there was a legitimate and necessary role for the public sector to play in implementing employment and training programs. Many respondents felt that the public sector was not only better at coordinating manpower activities within a locality, but better at understanding and dealing with the numerous problems of the economically disadvantaged, such as health, transportation, and marital problems. Private sector representatives overwhelmingly agreed that the private sector does not want to get involved in providing these type of supportive services.

Other proposals for modifying the structure of these partnership have been less dramatic. Randall Ripley et al., favor the following changes: (1) increasing the private sector focus of all of CETA by reformulating the national goals so that they stress private sector placements as the overriding goal of the entire manpower system; (2) giving monetary incentives to prime sponsorships who achieved the private sector placement goal; (3) creating special federal incentives to promote private sector input into all training curricula in a local employment and training system; (4) increasing flexibility for training programs designed towards experimenting with increasing business participation
or private sector placements; and (5) mandating a single planning council that would have a majority of members from the private sector and that would have concurring powers on all program plans (Ripley et al., Final Report, November 1981, pp. 159-162).

P/PV in their final assessment of Title VII implementation also favor making small, carefully planned changes in the present structure of the partnership. As they state:

Large and abrupt increases in funding and responsibilities would likely produce not greater program success, but the confusion and disruption associated with any poorly planned change. In the case of PSIP this is particularly germane, for at present it is only a small undertaking with limited responsibilities; assumption by most PICs (or their successors) of a larger role in local employment and training systems would take time and careful planning. Unless that were allowed for, and unless the PIC roles were spelled out clearly, large-scale changes would not be successfully implemented at the local level (P/PV, Final Report, April 1982, pp. 91-92).

As did Ohio State, P/PV also advocates the use of increased financial incentives as a key means of fostering effective private sector participation.

While Ohio State and P/PV advocate incremental changes to arrive at a better more effective manpower partnership, other researchers who have come to see these partnerships as simply unworkable, have advocated dissolving the Title VII partnership and replacing it with a
number of policies that use the stick rather than the carrot for increasing business participation. As Kasis and Sabonis conclude from their analysis of private sector strategies for employing the structurally unemployed:

It is time to rethink the current private sector strategy. After so many years of the government providing business with the carrot, it is time to introduce the stick. The carrot is not a cost-effective strategy. It is clear that only if government develops creative ways to leverage its money and power to force business involvement will jobs and training for the structurally unemployed become a widespread private sector commitment. Government must develop a quid-pro-quo attitude toward business: we will give you a break, be it a federal contract, a local tax abatement or whatever, if you commit yourselves to hiring and training a certain number or percentage of the hard-core unemployed. Government must look to negative as well as positive incentives: participate or lose a lucrative federal contract; hire and train people from the local unskilled workforce or lose a municipal commitment to extending sewer and road service to your plant site. The precedent for such leveraging exists.... (Kasis and Sabonis, 1979, pp. 10-11).

While Kasis and Sabonis' approach to the problem is certainly an interesting and provocative one, its major failing is that it throws away a system into which a lot of institution-building has already taken place. It may be a case of dissolving a system that if given more time may turn out to work quite well. Indeed, this research has found that many of the determinants of PSIP conflict were internal in nature, i.e., they are capable of being
manipulated. Thus, the level of programmatic conflict can be controlled in many instances. For example, clarifying the nature of this partnership in terms of each organization's role and authority would do much to reduce conflict in certain prime sponsorships.

While further definition of the law and regulations would serve to solve much of the organizational conflict that has occurred, these proposals do not directly address the reasons for the philosophical conflict that has taken place. No matter how clearly the regulations are defined, the public and private sectors will still maintain different philosophies towards manpower training and the economically disadvantaged. However, doing away with such a partnership only insures that both will continue to talk past each other. What must be hoped for is that through these partnerships a dialogue between the two will take place, and that both will eventually come to see the problem of the economically disadvantaged in the same terms.

As was noted in Chapter 5, this research has found that there is already an underlying agreement between the two sectors that both have legitimate roles to play in training and employing the economically disadvantaged. It can only be hoped that as these partnerships progress and develop, the two sectors will begin to learn from each other, and this will therefore dramatically reduce the impact that
philosophically based conflict can have on the implementation of these programs.

**Future Research Questions**

One important question that arises from studying public/private manpower programs, and the entire movement towards increased privatization efforts, but which went beyond the confines of this research, was whether private deliverers of the same service are in fact more efficient and effective than are public deliverers of the same good or service. As was seen in Chapter 1, much of the growing privatization literature argues that, indeed, private takeover of a number of historically public services would lead to higher efficiency rates and lower costs. As mentioned earlier, the problem with these studies is that they focused on what has been referred to as tangible services such as solid waste collection or police protection. In the manpower area, where one is dealing with a more intangible service, the inability and difficulty of determining acceptable standards of output have made these services less subject to measurement. In addition, it was difficult to find a situation in this area where there was a private sector deliver and public sector deliverer delivering similar services. However, with the advent of programs
like PSIP, it gives one a real opportunity to see if in the area of intangible services whether the substitution of a private firm for a government producer will actually lower the cost of providing these type of services. That is, can the private sector actually run manpower programs more efficiently and effectively than the public sector? In Chapter 5, some limited comparisons were made between Title VII and other Titles on such variables as placement rates, cost per placement, and wage gain. However, as was pointed out at that time, these comparisons were limited because of the natural differences that exist between these different titles and programs. For instance, it was noted that one reason for the high cost per placement in Title II was because of the large proportion of classroom training that was funded under this Title. By comparison, PSIP had funded a higher proportion of the less expensive on-the-job training, and this difference, rather than greater efficiency may be the reason for the lower costs in Title VII. However, with the proper controls in place, it would be possible to compare more accurately across titles. In addition, one could compare the performance of Title VII programs in sites where all programs were run by private sector service deliverers versus sites that made use of a mix of both public and private service deliverers, as well as sites that relied upon the more traditional CETA vendors
such as CBO's and local education agencies.

A second area for additional research would be an examination in greater detail of what the consequences of these public/private programs will be in terms of urban power and urban decision-making. With the advent of New Federalism and revenue-sharing, a number of researchers posited that one would expect to see interest groups becoming more involved at the local level than at the national level. Prior to the New Federalism of the 1970's, interest groups were primarily active at the national level. The literature suggests that since decisions over who would be served, and who would be the service deliverer were to be made at the local level, then this would be where interest groups would center their attention. A series of comprehensive studies done by Nathan et al., have uncovered evidence that revenue-sharing had indeed caused many nationwide interest groups to turn their attention increasingly towards local decision-making (Nathan et al., 1975, 1977).

However, what has been the impact of this change in strategy? Have interest groups on the local level been successful in becoming more involved in urban decision-making? Are authors like Yates, or David and Bellush correct when they say that citizens and citizen groups have little control over urban policy-making? More
importantly, how will the mandates of the PSIP program (which call for equal participation of the private sector in decision-making) affect the influence and participation of these groups? What groups will be pushed-out of the decision-making process over these new concerns for private sector participation, if any?

Unfortunately, the impact of these changes on urban power and urban decision-making could not be appropriately addressed by this research. While it was seen through the case analyses that a number of minority groups felt that their power was in fact being threatened by the advent of these new public/private government programs, this research was carried out before one could adequately get a sense of whether local interest groups felt that they were being displaced from the urban decision-making process. Indeed, a number of local community-based organization officials were interviewed for this research. The overwhelming majority stated that they did not in fact feel that their power was being threatened by this new private sector initiative. However, at the time this research was conducted, Title VII represented only a small portion of the entire CETA allocation. These CBO's concentrated their efforts on the other CETA Titles where the majority of the CETA allocation was to be found. Quite naturally, at that time they did not
view PSIP as a threat to their power. However, with the dismantling of CETA's other titles, it is no longer clear whether these groups will still be successful in attaining funds for their organizations and clients under titles where the key decision-makers are representatives of the private sector.

The effect of these privatization efforts on urban decision-making and interest group power is an important and relevant question since it has become apparent that in the near future there will be more, not less of these types of partnerships. In the manpower area alone, a number of bills have been put forth that seek to replace the present CETA system with an entirely new employment and training system. For example, Rep. Augustus Hawkins has put forth a Community Partnership for Employment and Training Act that has as one of its fundamental tenets that the private sector should be brought into a full partnership in deciding how federal funds should be spent. Under Hawkins' bill, PIC's "would be given concurrent planning authority with the prime sponsors, instead of being confined to an advisory role" (Employment and Training Reporter, Vol. 13, No. 28, March 24, 1982, p. 729).

Another bill introduced by Sen. Quayle and co-sponsored by Sen. Kennedy also gives a major role in decision-making to the PIC, and stresses that there be "major
private sector involvement at the local level" (Employment and Training Reporter, Vol. 13, No. 29, March 31, 1982, p. 755). The client imperative that arose out of the 1960's Community Action Programs, that responsibility and power should be lodged in the very people who are affected by the program or innovation, seems to be nowhere in sight in any of this legislation. It seems clear that these new manpower programs may eventually bring on a tremendous change in urban power and access to urban decision-making. It is a research question that merits further close analysis.
APPENDIX A

LIST OF RESPONDENTS AND ORGANIZATIONAL AFFILIATION

**Louisville/Jefferson County**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Organizational Affiliation</th>
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<tbody>
<tr>
<td>1) PIC Executive Director</td>
<td>PIC staff</td>
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<tr>
<td>2) PIC Program Director</td>
<td>PIC staff</td>
</tr>
<tr>
<td>3) Mayor's aide for employment and training policy</td>
<td>Prime Sponsor</td>
</tr>
<tr>
<td>4) MPO Executive Director</td>
<td>CETA staff</td>
</tr>
<tr>
<td>5) MPO Planner and MPO-PIC liason person</td>
<td>CETA staff</td>
</tr>
<tr>
<td>6) PIC Chairman</td>
<td>Big business</td>
</tr>
<tr>
<td>Manager, Community Affairs, General Electric Company</td>
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<tr>
<td>7) PIC Member</td>
<td>Local Education Agency</td>
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<tr>
<td>Vice-President</td>
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<td>Education Unlimited</td>
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<td>8) PIC Member</td>
<td>Local Education Agency</td>
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<tr>
<td>Coordinator, Special Programs</td>
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<tr>
<td>Jefferson Community College</td>
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<td>9) PIC Member</td>
<td>Community-based Organization</td>
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<tr>
<td>Executive Director</td>
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<td>Urban League</td>
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<td>10) PIC Member</td>
<td>Big Business</td>
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<tr>
<td>Community Relations Manager</td>
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<td>Philip-Morris</td>
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<td>11) PIC Member</td>
<td>Big business</td>
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<tr>
<td>Chairman of the Board</td>
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<td>Brown-Forman Distillers</td>
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<td>Respondent</td>
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<td>12) PIC Member Direct of Economic Development</td>
<td>Prime Sponsor</td>
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<tr>
<td>13) PIC Member Exec. Director Human Servs Coordination Alliance</td>
<td>Community-based Organization</td>
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<tr>
<td>14) Exec. Director NAB/Action Now</td>
<td>Business Association</td>
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**Houston**

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<tr>
<td>1) CPD Exec. Director</td>
<td>CPD</td>
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<tr>
<td>2) CPD PIC-CETA Liason</td>
<td>CPD</td>
</tr>
<tr>
<td>3) PIC Exec. Director</td>
<td>PIC staff</td>
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<tr>
<td>4) PIC Dir. of Marketing</td>
<td>PIC staff</td>
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<tr>
<td>5) PIC Dir. of Program</td>
<td>PIC staff</td>
</tr>
<tr>
<td>6) PIC Research Director</td>
<td>PIC staff</td>
</tr>
<tr>
<td>7) Mayor of Houston</td>
<td>Prime Sponsor</td>
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<tr>
<td>8) Mayor's Aide for Human Services</td>
<td>Prime Sponsor</td>
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<tr>
<td>9) PIC Chairman Shell Oil Company</td>
<td>Big business</td>
</tr>
<tr>
<td>10) PIC Member Exec. Director Ser-Jobs For Progress</td>
<td>CBO</td>
</tr>
<tr>
<td>11) PIC Member Plumber's Local Union No. 68</td>
<td>Labor Union</td>
</tr>
<tr>
<td>12) PIC Member Director of H.R.D.I.</td>
<td>Labor Union</td>
</tr>
<tr>
<td>Respondent</td>
<td>Organizational Affiliation</td>
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</tbody>
</table>
| 13) PIC Member  
  Director of Employment - TRW | Big business |
| 14) PIC Member  
  Texas Employment Commission | Prime Sponsor |
| 15) Mayor's Director of  
  Economic Development | Prime Sponsor |

**Memphis/Shelby County**

| 1) Mayor of Memphis | Prime Sponsor |
| 2) Mayor's Director of  
  Human Service | Prime Sponsor |
| 3) PIC Executive Director | PIC staff |
| 4) PIC Program Developer | PIC staff |
| 5) META Director | META staff |
| 6) META Planning Supervisor | META staff |
| 7) META - PIC Liason | META staff |
| 8) PIC Chairman  
  Vice-President  
  Memphis Chamber of Commerce | Business Association |
| 9) PIC Vice-Chairman  
  Attorney-at-law | Small business |
| 10) PIC Member  
  President  
  Shelby State Community College | Local Education Agency |
| 11) PIC Member  
  Memphis Building and  
  Construction  
  Trades Council | Labor Union |
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<th>Respondent</th>
<th>Organizational Affiliation</th>
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<tr>
<td>12) PIC Member Personnel Director Cleo Wrap Corporation</td>
<td>Big business</td>
</tr>
<tr>
<td>13) Research Director Center for Manpower Studies Memphis State University</td>
<td>Memphis State University</td>
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I. General Involvement in the PSIP Program

(1) I would like to begin by discussing your organization's involvement (or your) involvement in the PSIP program. When did your organization (or you) first become involved in the PSIP program? What circumstances do you feel led your agency to take part in the PSIP program?

(2) How did your organization come to decide on the particular approach that you are following in working on the PSIP program?

(3) What goals does your organization hold for the program? That is, what would like to see the program accomplish here?

(4) To what degree would you say those goals have been accomplished?

   If have not been accomplished: What factors do you believe have stood in the way of those goals being accomplished?

(5) How active would you say your agency has been in the PSIP program?

(6) Why haven't you become more active in the program?

   Probe for whether due to their lack of interest or roadblocks put up by other agencies.

(7) Do you feel that general agency reaction to the PSIP program has changed since the beginning of the program?

   If yes: In what ways? What accounts for this change?
(8) Do you think the agency is benefiting from its participation in the PSIP program? In what ways, or why not?

(9) Do you feel that your agency's reasons for working with the PSIP program are the same as those of other community agencies working in this area? Why do you think some agencies have become involved in the program while others in this area have not?

II. Private Sector Participation

(1) PSIP as you are aware is a demonstration program. As such, it attempts in a fairly unique manner to involve the private sector in the decision-making stages of employment and training programs. I would now like to ask you a few questions concerning private sector participation in manpower programs. First, in what ways do you feel the private sector can contribute to the implementation of manpower programs?

(2) Are there any specific areas in running manpower programs in which you feel the private sector can do a better job than the public sector? Which areas would those be? Why do you think they can do a better job?

(3) Are there any specific areas in running manpower programs in which you feel the public sector can do a better job than the private sector? Which areas would those be? Why do you think they can do a better job?

(4) What positive things do you see as coming out of this partnership between the public and private sectors? What negative things?

(5) How does your agency view this type of private sector participation? Would you like to see more or less programs of this nature? Why?

(6) Looking into the future, do you think that private sector participation will have any effect on your agency, in terms of its overall importance or future funding, or its input into the decision-making.
III. Political, Organizational, Philosophical Conflict

(1) Do you think that the public and private sectors have developed a good working relationship in running this program? How so?

(2) Have there been any major problems or conflicts or tensions that have occurred under this program?

If yes: Over what sorts of issues have these conflicts been over? Who have been the major actors in these conflicts?

If no: What do you think has been responsible for keeping problems/conflicts/tensions to a minimum under this program?

Political Conflict

(3) In what ways would you say that the conflict that has erupted under this program has been political in nature?

(4) What role have elected officials played under this program? In what aspects of the program's implementation have they been involved in?

If involved: Do you feel that their involvement in the program has been helpful, or has it hindered the program? In what ways?

(5) What role have elected officials played in either promoting conflict under the program or resolving conflict under the program? How have they gone about doing this?

(6) Would you say that the PIC has been placed inside or outside of the political process? In what ways?

If inside: In what ways would you say the PIC has been affected by the political process? Do you believe that political forces or the political process itself has constrained the PIC's effectiveness?

If outside: Do you feel that in the future the PIC will be able to operate outside of the political arena? Why is that?
Organizational Conflict

(7) Would you say that the power/status/prestige of your agency has changed at all since the inception of the PIC?

(8) Would you say that organizational jealousies exist between your organization and the PIC?

If yes: In what forms are these jealousies manifested? Probe whether some of the conflict in the site has been directly due to organizational jealousies.

(9) Would you say that your organization ever competes with the PIC? In what areas? What form does this competition take?

(10) In your opinion, has the PIC/Prime Sponsor ever overstepped the bounds of its authority, and gone into areas where it shouldn't have?

(11) What restrictions does the PIC's organizational position put on its performance?

(12) A number of questions have been raised on the national level by both PIC's and prime sponsors over the language in the regulations concerning the PIC's role and powers. Has there been any problems with the language in the regulations concerning the PIC's role and powers in this site? i.e., has there been any differences in interpretation? Has the recently added language about "equal partners" caused any new problems to erupt?

Philosophical Conflict

(1) In your view or that of your agency's, what do you see as the best approach to solving the nation's unemployment problem? i.e., what role should manpower programs play? What should be stressed in these programs? What do you feel are the best ways of implementing such a program?

(2) What do you feel the PIC's role should be in solving the nation's unemployment problem? How much of a role should the private sector play?
(3) Do you feel that there are any historical or philosophical reasons why a program such as PSIP might not be able to achieve what it should achieve here in Louisville/Memphis/Houston? Probe for reasons such as racial problems, uncooperative business environment, etc.

IV. Specific Conflicts

(1) Over the course of our discussion, you have mentioned that the following conflicts/problems/tensions have occurred under the PSIP program. I would now like to spend a few minutes going over each of these conflicts in a little more detail.

(a) How did this particular conflict come about?

(b) What sets of actors were involved?

(c) Would you say that the problem/conflict was due mainly to political, organizational, or philosophical reasons?

(d) How was this conflict eventually resolved?

(e) What effects do you see this conflict as having on the PSIP program? i.e., has it impeded the progress of the program? In what areas?

(f) Has anything positive come out of these or this particular conflict or problem? What, and why do you see it as positive?

(g) Do you think that this particular conflict we have been talking about could have been avoided had the program been implemented differently?

V. Business and Social Program

(1) People are talking a lot these days about "social responsibility". What do you think the relation of business should be to the community?

(2) Do you feel that the government should work with business on more social programs like PSIP?
APPENDIX C

DIAGRAM OF LOUISVILLE/JEFFERSON COUNTY CETA SYSTEM


United States Department of Labor, Employment and Training Administration (1980). Field Memorandum No. 257-80 (May 8).


