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MEMORANDUM FOR: KEN SMITH

FROM: CHIP AUBRY

Attached is the document we discussed on the phone today. Attached to the document is a short description of the programs that are listed on page 2. If you need any further information, please do not hesitate to contact me.

Attachments

1/28-15

CETA Indian and Native American Programs

Background

The unique economic problems of Indians and Native Americans have caused them to be treated as a special target group under CETA. Indian unemployment rates range from 40-60 percent on reservations. Their unemployment rates in non-reservation settings are also substantially above the national average. Most of the Indians enrolled in CETA programs are economically disadvantaged and have less than a 12th grade education. Lack of English-speaking ability is frequently an additional handicap to program participation as well as to subsequent job placement.

It is the official policy of the U.S. Government to deal directly with Indian tribes because of their special treaty relationships with the Federal Government. These tribes are treated as distinct, sovereign nations which require special national relationships. They do not necessarily meet the conditions normally established for eligibility as CETA prime sponsors (i.e. a unit of local government with a population of 100,000 or more).

5a, 2d

ETA allocates funds directly to Indian tribes and other entities as well as to private non-profit organizations controlled by Indians. The major source of employment and training funds allocated directly to Indians is Title III-Section 302(a) of CETA. These funds are in addition to a 2 percent minimum established for Title II-D. Amounts allocated for the broad purpose of providing employment and training opportunities for individuals who are unemployed, underemployed or economically disadvantaged, are determined by formula. Other funds are used for special projects and technical assistance.

success? data? *

A major special project, terminated in FY 1979, was the Native American Economic Stimulus Program (NAESP). The treaties that the U.S. Government entered into with the Indian tribes, retain for them approximately one percent of the land area of the United States. This one percent of the land however, contains fifteen percent (15%) or more of all the natural resources in the United States. The aim of the economic stimulus program was to bring about economic self sufficiency through the development of many of these resources on Indian terms. The Indian Private Sector Initiative Program established under Title VII absorbed this activity.

success? data? *

Programs and Services

The estimated Indian population in 1979 was 734,185 and is expected to increase to 1,056,973 by 1995. They represent less than one percent of the total population but because of the high proportion of disadvantaged their participation under all CETA titles exceeds their representation in the population.

Participation Rates in 1980

Program	Percent*
Title II ABC	1.5
Title II D	2
Title IV	
YACC	7
YETP	2
YCCIP	3
YIEPP	1
Summer	1
Job Corps	4

* These percentages also include Eskimos, Aleuts, and Native Hawaiians.

Participation of Native Americans in employment and training programs has increased over the years from 67,300 in 1974/75 to 100,700 in FY 1980. There seems to be a direct correlation between the number of participants and the amount of funds available although per capita costs vary from year to year with a high of $2,881 in FY 1977 and a low of $831 in 1978. The per capita cost in FY 1980 was $1,958.

Funding Process and Levels

Funding for Indian employment and training services comes from several CETA titles. The major source is Title III Section 302 which specifies that an amount, equal to no less than 4.5% of Title IIB funds distributed to non-Indian prime sponsors, be allocated to Indians. In the past, other funds have come from Title IID, Title IV, Title VI, Title VII, and Title III discretionary.

CETA Funds Allocated to Indian Programs, FY 1981 and 1982

	CETA Title	FY 1981 Budget	FY 1982 Budget Estimates*
		(in thousands)	
	Title III (Sec. 302)	$80,975	$81,600
structural unemp. PSE	Title IID	28,445	-0-
	Title IV		
	SYEP	14,000	14,000
	YCCIP	2,580	2,580
	YETP	14,920	14,920
countercyclical PSE	Title VI	13,195	-0-
	Title VII	6,600	6,600
		$160,815	$119,700

*The amount estimated for Sec. 302 assumes that the 4.5% minimum allocated to Indians will be based on 86.5% of the II-B outlays projected by the Administration. The final 1982 amounts may be lower. Estimates for the other titles assume that 1981 levels will remain the same.

Indian tribal governments and Indian non-profit organizations are the service deliverers for CETA programs. Grants are allocated directly to these entities from the DOL/ETA and are administered nationally by the ETA Office of Indian Affairs, a unit of the Office of National Programs. Reservation Indians are served by their Tribal Councils or governments, while off-reservation Indians are served by both Indian non-profit organizations and local non-Indian prime sponsors. In FY 1981, funds have been allocated to 117 tribal government and 61 Indian non-profit organizations (primarily urban). Non-Indian prime sponsors reported for FY 1980 that they actually served 13,932 Indian participants with expenditures of $22.17 million. The amount spent and the numbers served represented only 31% and 41%, respectively, of prime sponsor planned goals.

The available data suggest that Indians, perhaps because of their unique relationship with the Federal Government, their traditional adherence to tribal leadership, and the apparent unwillingness or inability of local non-Indian prime sponsors to deal with their peculiar employment problems, are better served through their own organizations.

Impact of PSE Elimination

The loss of over $41.6 million in PSE allocations to Indian groups in FY 1982, is likely to have a severe impact on reservation Indians particularly. On most reservations PSE has been a major and sometimes the only source of employment. The impact will be intensified by the fact that funds for economic development are also being reduced or eliminated at the same time. The extent of the impact cannot be fully assessed yet, but a quick survey by BIA indicates that the number of Indians in BIA's welfare caseload are expected to increase by 17,000 in FY 1982 at an additional cost of almost $20 million. Even those Indians served by non-Indian prime sponsors will be disproportionately affected since one-third of Indian program participants were in PSE jobs.

Reauthorization Options

Since CETA will be reauthorized in 1982, it is appropriate to consider other alternatives to addressing the needs of Indians and other Native Americans. The following are some options that have been proposed:

- Continue direct funding of Indian organizations with minimum funding levels guaranteed in the statute.

  Pro

  - This approach would guarantee that a given level of service would be provided to this group.
  - The mechanisms and funding relationships are already in place to carry out this option.

  Con

  - There would continue to be a large number of grantees and therefore, little likelihood of achieving the administrative cost savings expected from consolidation.
  - The existence of legislated setasides is inconsistent with the flexibility inherent in a block grant approach, particularly in a period of declining total resources.

Tribes as 51st state

- Eliminate special funding for Indians and give the service responsibility to non-Indian prime sponsors for off-reservation Indians, and reservation based Indians would be the responsibility of the state.

  Pro

  - Prime sponsors could be held accountable for Indian programs. One of the problems with the existing system of direct funding is that Indian organizations have been seriously lacking in administrative and managerial capability.

  - Prime sponsors are closer to the problem than the national government. If block grants go to states, most states have agreements with Indian reservations as the Federal Government does. — do they? State powers on res. only conferred by Fed. govt.

sovereign relationship to Fed. gov.
what about gov. to gov. relationship?

  Con

  - States and Indian tribes have tended to be adversaries in the past. There is not an abundance of goodwill between them.

  - Based on past experience, a decline in service levels could be expected as Indians compete with other groups for available program slots.

- Continue direct funding, but set up a new delivery system which would reduce the number of grantees and bring Indian delivery systems into closer conformity with the rest of the delivery systems. i.e. Indian Labor Market Boards.

  Pro

  - This option could be formulated to guarantee a minimum level of E&T funding.

  - Service delivery would be controlled by Indian organizations.

  - The number of direct grantees would be reduced.

Con

- It is unlikely that Indians would be willing or able to form a system corresponding to the Labor Market Board concept. An Indian labor market is likely to be identified as synonymous with reservation or tribal boundaries which are already covered under the present funding system.

CURRENT CETA PROGRAMS

- Table 2 shows outlays under CETA for 1981 and 1982, by title, and the number of persons served.

- Title IIBC is the core of CETA. (Title I contains administrative provisions). Title II authorizes locally administered employment and training services.

  IIB provides authority for training, (including classroom and on-the-job (OJT)), work experience, job search assistance and supportive services for economically disadvantaged unemployed persons.

  IIC authorizes occupational upgrading and retraining programs for persons working at less than their full skill potential or who have been laid off and have little opportunity for reemployment. Participation in IIC is not limited by income criteria.

- Title IID contains the authority for a program of transitional public service employment for the structurally unemployed. This program is being phased out during FY 1981.

- Title III is the funding source for "discretionary" programs--national programs to serve groups identified as having particular needs. These include Indians, migrants, ex-offenders, older workers, displaced homemakers, and others mentioned in the legislation.

  The legislation specifies that a minimum proportion of the total funds available under title III be used for Native Americans and for migrants and seasonal workers. These are the only groups with a specific entitlement under this title. Title III also requires the Secretary to run a research and evaluation program and a program of labor market information and a computerized job bank system.

- Title IV provides for most of the CETA youth programs. The largest of these is known as the Youth Employment and Training Program (YETP) which provides training, work experience, and supportive services to disadvantaged youth aged 16-21 (limited services are provided to some 14 and 15 year olds). Youth who are enrolled in Youth Community Conservation and Improvement Projects (YCCIP) receive work experience on conservation or weatherization projects for the most part. This program is confined to youth aged 16-19, with preference going to the disadvantaged. The Youth Incentive Entitlement Pilot Projects (YIEPP) provided the authority for an experimental 17-site program to guarantee minimum wage jobs to school age youth. This program will be phased out during 1981.

The Summer Youth Employment Program (SYEP) provides jobs for economically disadvantaged youth aged 14-21 during the summer.

Finally, the Job Corps is authorized by title IVB. This is a residential program which provides intensive counseling, education, and training for disadvantaged youth aged 16-21.

- Title V authorizes the National Commission for Employment Policy, an advisory commission with public and private sector representatives appointed by the President.

- Title VI is the countercyclical public service employment program which is being phased out during FY 1981.

- Title VII established the Private Sector Initiatives Program (PSIP). The objective is to increase private sector employment and training opportunities for CETA participants. This program called for the establishment of Private Industry Councils (PICs) in each prime sponsor area. The PSIP has broad latitude to provide a range of services to economically disadvantaged trainees including the traditional title IIB-type services. In addition, prime sponsors may spend as much as 30 percent of their funds on indirect services such as marketing.

- Title VIII is the authority for the Young Adult Conservation Corps (YACC), a residential program operated by the Agriculture and Interior Departments through an interagency agreement. Youth between the ages of 16 and 23 are employed on conservation projects on public land. This program will be phased out over the next year.

CETA Prime Sponsor Structure

- Under CETA, all States as well as cities and counties with populations of 100,000 or more are eligible to become prime sponsors and combinations of jurisdictions, one of which has 100,000 or more population. This entitles them to receive Federal grants directly, to design and administer comprehensive employment and training programs for the area they serve. Generally, States are responsible for serving areas that do not qualify to receive funds directly. In FY 1981, 475 governmental units are acting as prime sponsors. They include: 53 States (or Balance of States), 202 counties, 71 cities, 145 consortia (and 4 rural concentrated employment programs (CEP's).

- Most funds are allocated to prime sponsors immediately following the receipts of an annual appropriation. With the exception of funds for such things as Current Population Survey (CPS) adjustments and consortium bonuses which must be announced for 30 days in the Federal Register before being released, these funds are obligated to prime sponsors as soon after allocations are announced as is possible. When appropriations are delayed, estimated allocations are provided for planning purposes.

- Under the current law, prime sponsors are required to submit a comprehensive agreement which serves as a long-term charter and an annual plan describing the activities to be conducted during the fiscal year.

  The comprehensive plan must include a detailed analysis of the labor market including its economic conditions and the demographic characteristics. It must describe the institutional arrangements for involving community-based organizations, planning councils and the selection process for service deliverers as well as linkages with other agencies.

  The annual plan includes changes needed in the comprehensive plan because of changed labor market conditions or demographic factors or other circumstances. These plans must be reviewed by the prime sponsor's planning council, the Governor, the PICs, the State Employment and Training Council, and appropriate units of local government and labor organizations. The plan must also be made available to State legislatures, the general public, appropriate community-based organizations and educational agencies.

  The plans are reviewed and approved (or disapproved) by ETA regional offices. After approval, the plan has the status of a contractual agreement which can only be changed through a bilateral modification process.

Table 2. Employment and Training Administration Budget Authority, Outlays, Persons Served 1981 and 1982

CETA:	Fiscal Year 1981[1] Budget Authority (millions of dollars)	Fiscal Year 1981[1] Outlays (millions of dollars)	Fiscal Year 1981[1] Persons Served (thousands)	Fiscal Year 1982[3] Budget Authority (millions of dollars)	Fiscal Year 1982[3] Outlays (millions of dollars)	Fiscal Year 1982[3] Persons Serve (thousands)
Title II ABC	$2,117	$2,000	992	$1,431	$2,040	992
Title II D	1,950	1,534	360	0	46	-
Title III	554	605	192	219	413	275
Title IV	2,275	2,351	1,448	1,970	2,096	1,425
IV-A				(576)	(684)	(500)[4]
YCCIP	(129)	(165)	(52)			
YIEPP	-	(26)	(25)			
YETP	(746)	(767)	(450)			
Summer (IV-C)	(839)	(799)	(800)	(766)	(797)	(800)
Job Corps (IV-B)	(561)	(594)	(121)	(628)	(615)	(125)
Title VI	495	844	200	0	26	-
Title VII	150	283	406	275	267	106
Title VIII (YACC)	200	185	45	0	70	-
Sub. Total CETA	$7,740	$7,701[2]	3,643	$3,895	$4,958	2,798
WIN	365	365	750	365	365	600
Older Americans	277	265	84	277	277	87
Total Employment & Training	$8,382	$8,331	4,477	$4,537	$5,600	3,485

[1] Totals may not add due to rounding

[2] Total reflects undistributed outlay shortfall of $101,377,000 in FY 1981. Therefore program pieces do not add to total.

[3] Budget authority and outlays based on FY 1982 Conference Committee reconciliation levels. Persons served are rough approximations based on earlier years' data.

[4] This estimate assumes the same ratio of outlays in YETP and YCCIP as in 1981.

SOURCE: ETA AND DOL Budget Offices and Conference Committee Version of H.R. 3982.