

Mr. GOODELL. Is it producing data to give us cost figures and results?

Secretary WIRTZ. It varies from program to program. My answer to you would be quite specific and affirmative. If you ask me about the wage and hour program, it is the kind of program where it has been very easy to apply the PPBS approach.

It has been hardest to apply it in an area like the Bureau of Labor Standards. It is being applied to the manpower program to an extent that sometimes upsets the Assistant Secretary for Manpower.

It is hard to apply the PPBS system, say, to an experimental developmental program. Now, we do apply it, but Dr. Aller protests pretty vigorously that it is very hard to apply that kind of approach to an experimental and developmental program. As we learn more about the techniques, and as we build the necessary data reporting into the programs, it is being applied with increasing effectiveness.

(The following statement was submitted by Secretary Wirtz:)

The output of our PPBS work consists of two kinds of documents:

First, the annual program memorandum, which lays out the program budget for five years in advance, and its follow-up documents, the quarterly reviews and analyses. The latter represent our quarterly assessments of our activities, in terms of those we had planned, and also provide the opportunity for us to set forth program modifications and alternatives. These are the basic internal management documents.

Second, the analytic studies underlying the program proposals. These include, but are not limited to, the cost-effectiveness studies which have become very fashionable, and which in truth provide the foundations for the PPB system. We are developing a whole series of such studies within the Manpower Administration.

Some of these are what are called simulation models. In these, particularly applicable to new or experimental projects for which no data are available, we say, in effect, *if* the costs are such-and-such, and *if* the benefits are such-and-such, then the program will pay off, in terms of benefits to the economy, more (or less) than it costs. The hypothetical costs and benefits plugged into these studies are those that are reasonable (based on other information), but are not data actually reported on the program. The Employment Service has carried out a series of such studies:

- (1) Cost-benefit analysis of relocation assistance to unemployed workers.
- (2) Cost-benefit analysis of youth placements made by the Employment Service.
- (3) Cost-benefit analysis of services to older workers.

The other kind of cost-effectiveness study is based on data derived from the programs in question, and is designed to explore either alternative programs or alternative mixes of services within a program. We have a series of such studies under way, all of them of larger scope than the ones already mentioned, and all of them suffering from lack of data adequate for this kind of analysis. They include:

- (1) A comparison of on-the-job and institutional training.
- (2) A study of the mix of services provided by the Employment Service.
- (3) An evaluation of unemployment insurance as a counter-cyclical device.
- (4) A study of the mix of services in an Employment Service experimental project which provides special intensive service units for older workers.
- (5) Development of a model to relate the value of training from birth, to lifetime earnings, by race, sex, and major occupational category.
- (6) Cost-benefit analysis of a pilot project for training of prison inmates.
- (7) Cost-benefit study of services to slum populations.
- (8) The amount of money the government is "justified", on purely economic grounds, in investing in the training of a single individual.

In addition, there are some studies being carried out by State employment services, particularly New York, Nevada and California, as well as cost-benefit studies being carried on by university research units under contract with the Department.