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COMPTROLLER GENERAL OF THE UNITED STATES WASHINGTON D.C. 20548

B-168811

RELEASED

MAY 12 1970

Labor

Dear Mr. Roybal.

In response to your letter of January 8, 1970, cosigned by Congressman George E. Brown, Jr., and as agreed in a meeting with Congressman Brown on January 26, 1970, we have reviewed the status of equipment that had been acquired for use in the now terminated automotive mechanics training project of the Transportation Opportunity Program, Inc. (Corporation), in Pico Rivera, California, and have investigated the assertions set forth in the material enclosed with your letter that closed-circuit-television equipment had been purchased by the Corporation for the program but had not been used for training purposes.

Our review, made during February and March 1970 at the headquarters of the Corporation, included examination of pertinent corporate books and records, inspection of the major items of equipment, and discussions with officials of the Corporation. We also obtained information on the Corporation's activities from officials of the Department of Labor and the Department of Health, Education, and Welfare.

The Transportation Opportunity Program is an experimental and demonstration manpower program funded jointly by the Department of Labor and the Department of Health, Education, and Welfare under authority provided by titles I and II of the Manpower Development and Training Act of 1962, as amended (42 U.S.C. 2571). Training is conducted by the Corporation, a nonprofit educational institution incorporated in the State of California. The Corporation's training program, begun in August 1967, was designed to train hardcore unemployed or underemployed persons as (1) professional heavy-duty-truck drivers or (2) automotive specialists in such skills as brake repair, front-end alignment, and tune-up. A third program component, driver education, was operated during the first program year, but was not funded thereafter.

Federal contracts awarded to the Corporation have amounted to \$2,818,627, as summarized below. Department of Labor contracts generally provided funds to pay the administrative costs of the program, and Department of Health, Education, and Welfare contracts generally provided funds to pay for training and educational costs, including equipment.

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B-168811

<u>Agency</u>	<u>Number</u>		<u>Period covered</u>	<u>Amount</u>
	<u>Con-tracts</u>	<u>Exten-sions</u>		
Department of Labor	2	3	1-30-67 to 10-31-70	\$ 903,520
Department of Health, Education, and Welfare	3	6	5- 7-67 to 10-31-70	<u>1,915,107</u>
Total				<u>\$2,818,627</u>

In addition, for the period June 1, 1967, through December 31, 1969, rental charges totaling about \$150,000 were paid by the Department of Health, Education, and Welfare to the General Services Administration on behalf of the Corporation. Also, as of April 1970, non-Federal cash contributions of \$51,000 had been made to the Corporation by the Alliance for Labor Action, a voluntary association of labor organizations engaged in social action activities. The Corporation is scheduled to receive an additional \$49,000 from the Alliance through October 31, 1970.

EQUIPMENT ACQUISITION, STATUS,
AND PLANNED DISPOSITION

We determined from the Corporation's accounting records and other pertinent documentation, such as invoices and cancelled checks, that equipment acquired for the automotive mechanics project had a book value of \$105,966. (1) \$70,535, the cost of equipment purchased by the Corporation, (2) \$34,880, the value assigned to excess property acquired at no cost from the General Services Administration, and (3) \$581, the value assigned to equipment donated by private sources.

The equipment consisted of the following items

	<u>Book value</u>
Brake equipment	\$ 15,295
Wheel alignment and balancing equipment	18,805
Jacks, lifts, and racks	10,625
Air compressor	7,979
Engine test equipment	5,327
Tire-changing equipment	3,291
Solvent degreaser	3,500
Battery charger	5,460
Office equipment	13,258
Miscellaneous tools and equipment	<u>22,456</u>
Total	<u>\$105,996</u>

By letter dated October 30, 1969, the Department of Labor advised the Corporation that its automotive mechanics training project would not be funded beyond October 31, 1969. The reasons stated by the Department of Labor for this action included limitations on continued funding of an experimental and demonstration project after the desired development had been realized, the greater potential of the truck driver training project for widespread impact on manpower training objectives, and the existence of another automotive mechanics training project at the East Los Angeles Skills Center operated by the State of California and funded through the Manpower Development and Training Act. The skills center is located about 7 miles from the Corporation's site.

After the automotive mechanics project was terminated, a major portion of the equipment acquired by the Corporation for the project was no longer needed. The project director provided us with listings which showed that equipment at a recorded book value of \$79,786 was to be reported to the Government as excess property and that equipment at a recorded book value of \$1,039 was no longer usable or had been lost. He also advised us that automotive mechanics equipment with a recorded book value of \$25,171, was being retained for use in the truck driver training project, to assist in instructing trainees in routine maintenance and for servicing the trucks.

We examined accounts maintained for each contract, the Corporation's inventory of excess equipment, and other pertinent documents relating to the acquisition of individual items of equipment. We verified that items of equipment which cost \$750 or more were on hand. We were able to satisfy ourselves that the equipment which had been acquired for the automotive mechanics project was being earmarked for disposal or being transferred in accordance with the project director's statement to us.

The project director advised us that local skills centers funded through the Manpower Development and Training Act and the Watts Labor Community Action Committee were expected to eventually receive the excess equipment. Representatives of these organizations had inspected the equipment and expressed interest in using it in their automotive training projects.

The regional excess property coordinator of the Department of Health, Education, and Welfare explained to us that the excess equipment from the automotive mechanics training project was being retained by the Department for transfer to a federally financed skills center in East Los Angeles. He furnished us with copies of transfer documents listing excess equipment valued at about \$51,600 which was scheduled for transfer. The transfer documents, prepared by the excess property coordinator, contained errors in unit prices and quantities and overstated the value of the equipment listed by about \$11,800. The actual amount of \$39,800 represented a portion of the book value of \$79,786 of equipment shown on the Corporation's

B-168811

listing of excess equipment. We were advised by the property coordinator that additional transfers were expected to be made from the Corporation to other training programs.

The action proposed by the Corporation appears appropriate under the circumstances and consistent with the applicable provisions of the Federal contracts. These provisions require that property furnished by the Government or purchased with Federal funds, which is no longer needed in the program, be reported to the Government for appropriate disposition by the contracting officer.

Closed-circuit-television system

The closed-circuit-television system was purchased in 1967, 1968, and 1969 for use in the Corporation's overall training activities. This system, purchased with funds provided by the Department of Health, Education, and Welfare cost \$6,529 and consisted of the following items

	<u>Cost</u>
Cameras (2 at \$900 each)	\$1,800
Video tapes (38 at \$40 each)	1,520
Videocorder	1,100
Generator	500
Zoom lens	340
Video Monitor	325
Lighting equipment and studio kit	302
Television monitor	280
Miscellaneous items (under \$100 each)	<u>362</u>
Total	<u>\$6,529</u>

A Corporation official advised us that the closed-circuit-television system was used in various ways in the Corporation's programs, such as making training films and recording mock interviews between trainees and prospective employers. The official stated that the closed-circuit-television system was currently being used in connection with the truck driver training project. We confirmed the current use of the system, examined the 35 video tapes on hand, and viewed several of the training films to verify the official's statements. This use of the closed-circuit-television system appears to us to be in accordance with the objectives of the training programs conducted by the Corporation.

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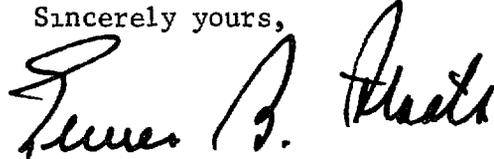
This report is also being sent today to Congressman Brown.

B-168811

We plan to make no further distribution of this report unless copies are specifically requested and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning its contents.

We trust that the above information is satisfactory to your needs.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James B. Stewart".

Comptroller General
of the United States

The Honorable Edward R. Roybal
House of Representatives



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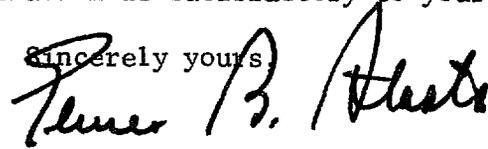
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We trust that the above information is satisfactory to your needs.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Thomas B. Heath". The signature is written in black ink and is positioned to the right of the typed phrase "Sincerely yours,".

Comptroller General
of the United States

The Honorable George E. Brown, Jr.
House of Representatives