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Dear Mr. Chairman

We refer to your letter of October 22, 1970, requesting information concerning the amount of Federal funds expended for the operation of the Federal-State employment service administered by the Department of Labor and the Interstate Conference of Employment Security Agencies (Conference).

In a subsequent discussion we agreed to obtain the funding data relating to the administrative costs of the Federal-State employment service for fiscal year 1970, identifying separately the Federal and State portions, and of the Conference for the same period and on the same basis. We later learned that the data on Conference activities was maintained on a calendar-year basis and that the most current data available related to calendar year 1969.

We made inquiries of Department of Labor officials at the Washington headquarters and of officials of the Conference at both the Washington and the State levels to obtain data for calendar year 1969. The cost information presented in this report was obtained from Department of Labor records or, where records were not available, from estimates provided by Department of Labor officials. We prepared cost estimates for certain Conference activities, on the basis of other information available. Because of the limited time available, none of the cost information contained in this report was verified by us.

Data provided by Department of Labor officials showed that about \$785.8 million of Federal funds had been obligated for administration of the employment security program for fiscal year 1970. Of this amount, \$718.6 million was obligated by State employment security agencies and \$67.2 million by the Department of Labor.

Funds for financing the activities of the Conference are not specifically identified in either the allocation from the Department of Labor to the States or the States' budgets but are included

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as part of the normal operating funds of the State agencies, there are no regulations requiring the Conference to prepare a financial report on its activities, and, at the present time, there are no comprehensive financial records maintained specifically on Conference activities. On the basis of available records and information obtained from Conference officials, we estimated the cost of financing the activities of the Conference for calendar year 1969 to be about \$228,000.

Further details are set forth below.

#### FINANCING EMPLOYMENT SECURITY ACTIVITIES

The cost of administering the employment security activities, which include employment service and unemployment insurance service functions, is financed from the Unemployment Trust Fund through authorizations to the Department of Labor by the Congress. Funds are also advanced to the Department by other executive departments and agencies for the purpose of carrying out certain manpower program activities through the employment service. The Department of Labor retains, for its salaries and expenses, a portion of the funds provided, and the remainder is allocated to the State employment security agencies.

The following schedule shows obligations for administration of employment security activities by the Department and by the State agencies.

Estimated Obligations for Administration of Employment  
Security Activities by Department and State Agencies  
Fiscal Year 1970

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<u>Source of funds</u>	<u>Total Obligations</u>	<u>State employment security agencies</u>	<u>Department of Labor</u>
Authorizations to Department of Labor.			
Funds from Unemployment Trust Fund			
Employment service activities	\$363,229,068	\$347,330,038	\$15,899,030
Unemployment insurance service activities	319,139,906	314,182,440	4,957,466
Costs of other administration functions, which could not be allocated between the activities	1,121,000		1,121,000
Appropriations from general tax receipts in the U.S. Treasury	69,399,191	50,909,400	18,489,791
Advances to Department of Labor from other executive departments and agencies	<u>32,914,093</u>	<u>6,213,100</u>	<u>26,700,993</u>
Total	<u>\$785,803,258</u>	<u>\$718,634,978</u>	<u>\$67,168,280</u>

INTERSTATE CONFERENCE OF EMPLOYMENT  
SECURITY AGENCIES

The Conference, which was founded by the State agencies in 1937, is comprised of representatives of the State employment security agencies of all 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands.

The stated objectives of the Conference, which operates to a large degree through an extensive committee structure covering most areas of concern to the employment security program, are to improve the effectiveness of the employment service and unemployment insurance programs, promote employment security, foster close professional relationships, encourage cooperation, promote proper and efficient methods of administration, encourage research, and propose new State and Federal employment security legislation.

A National Executive Committee (which consists of the Conference's president, senior vice president, regional vice presidents, and the past president, all elected officials) directs the activities of the Conference, subject to the guidance of all of the States' delegations assembled at the Conference's annual meeting. In addition, an Executive Secretary is designated by the National Executive Committee. We were informed that the current Executive Secretary had been in the position since 1958.

There is no specific allotment of funds for financing the activities of the Conference. Funds expended for the operation of the Conference, with the exception of those related to the Executive Secretary and his staff, are charged at the State level against amounts allocated to the States by the Department of Labor. The Executive Secretary and his staff are employees of the Department of Labor and are attached to the Office of the Manpower Administrator.

The Executive Secretary informed us that he did not have an allotment or budget for the expenses of his office nor did he maintain any financial records concerning the activities of this office. An official of the Division of Budget Administration, Office of the Comptroller, Manpower Administration, advised us that the costs and expenses relative to the activities of the Executive Secretary's office were included as part of the administrative costs of the Office of the Manpower Administrator and that no separate accounting was made for costs associated with the activities of the Executive Secretary and his staff. This official also advised us that no accounting records were maintained by his Office for the activities of the Conference.

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In discussions with the Executive Secretary, and the president and immediate past president of the Conference, we learned that the Conference operates on a "conference year" basis (from one annual conference to the next) and that any records kept were maintained on a calendar-year basis. The major expense items incurred for activities of the Conference are travel and per diem costs of State employment security agency representatives attending the annual conference and various committee meetings and the costs of printing the minutes of these meetings.

Although there are no requirements that the Conference maintain records or submit a financial report on its activities, the Executive Secretary did maintain certain records until December 1969 on the travel and per diem expenses incurred by State representatives in attending the annual conference and various committee meetings held under the auspices of the Conference. These records were maintained because of a Manpower Administration requirement that all travel connected with activities of the Conference was to be approved by the Executive Secretary. In January 1970, however, the approval requirement was rescinded by the Manpower Administration and the records were no longer maintained at the headquarters level. Responsibility for prior approval of travel by State agency personnel was transferred to the States.

To obtain an estimate of expenditures incurred by the Conference, we (1) examined the records maintained by the Executive Secretary on travel and per diem costs incurred during calendar year 1969 for attendance at the annual conference and the various committee meetings held during that year, (2) obtained the annual salary and fringe-benefit costs of the Executive Secretary and his staff, (3) reviewed the travel vouchers of the Executive Secretary and his assistant, (4) obtained information concerning additional expenditures incurred in connection with the annual conference, and (5) estimated the costs of printing the minutes of the various committee meetings.

Our examination of the travel and per diem records maintained by the Executive Secretary showed that such records were not complete. We were able to identify 17 State representatives who had attended various committee meetings but had not submitted statements

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of their expenses. For 15 of the 17, we were able to make an estimate of the expenses incurred on the basis of other information available.

The minutes of the various committee meetings are printed, and the costs of printing are charged against amounts allocated to the States represented by the individual committee chairmen. The Executive Secretary stated that the State agencies did not account separately for these printing costs. We obtained an estimate from the Executive Secretary of the cost of printing the minutes of one of these meetings, and, on the basis of this cost, we estimated the total cost for printing and included this amount in our schedule of estimated costs.

Within the limitations described above, we prepared an estimate of the financing of the activities of the Conference and its committees for calendar year 1969. Our estimate is presented in the schedule on the following page.

Estimated Cost of Financing  
the Activities of the Conference and Its Committees  
for Calendar Year 1969

<u>Activity</u>	<u>Number of meetings</u>	<u>Cost</u>	<u>Total</u>
Annual meeting	1		
Printing and binding Conference minutes		\$ 4,988	
Printing and binding programs, etc.		628	
Office supplies		136	
Rented equipment		50	
Telephone		210	
Transcription of minutes		473	
Transportation and travel--host State		4,704	
Travel and per diem--others (note a)		<u>53,380</u>	\$ 64,569
National Executive Committee meetings	7 (note b)		
Printing (note c)		1,315	
Travel and per diem (note d)		<u>19,105</u>	20,420
Other committee meetings and special meetings	74		
Printing (note c)		2,395	
Travel and per diem (note e)		<u>81,970</u>	84,365
Office of Executive Secretary			
Salary and fringe benefit expense			
Executive Secretary		27,220	
Assistant Secretary		15,011	
Secretary		9,012	
Secretary		5,585	
Travel and per diem		<u>2,087</u>	<u>58,915</u>
			<u>\$228,269</u>

(a) \$250 of this amount is estimated.

(b) Travel and per diem costs of one meeting are included in the costs of annual meeting.

(c) Estimated.

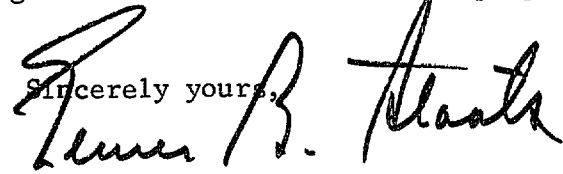
(d) \$625 of this amount is estimated.

(e) \$2,645 of this amount is estimated.

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

We trust that the foregoing information will serve the purpose of your request.

Sincerely yours,  


Comptroller General  
of the United States

The Honorable Gaylord Nelson, Chairman  
Subcommittee on Employment, Manpower and Poverty  
Committee on Labor and Public Welfare  
United States Senate