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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20541

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Dear Senator Javits:

This is in further response to your request of July 23, 1971, for data on General Accounting Office efforts in reviewing Federal manpower programs including (1) a summary listing of programs and geographical areas covered in our issued reports and ongoing reviews, (2) a brief discussion of our ongoing reviews, and (3) the major conclusions which we have drawn from our reviews. On July 26, 1971, we provided your office with a summary listing of our recent efforts in reviewing Federal manpower programs. The enclosure to this letter presents a brief discussion of our issued reports and ongoing reviews and the major conclusions we have drawn from our reviews.

It should be noted that some of the information in the enclosure was developed during our 1968 and 1969 review of Office of Economic Opportunity programs, required under Economic Opportunity Act Amendments of 1967, and, as such, may not be a valid assessment of the manner in which the programs currently operate.

You also questioned whether we had sufficient legislative authority to carry out reviews of Federal manpower programs. Our experience has shown that the provisions of the Budget and Accounting Act, 1921, and the Accounting and Auditing Act of 1950, granting us general audit authority have been adequate for our purposes.

As noted in the enclosure, two of our ongoing reviews of manpower programs are being conducted in New York City. These reviews, however, have not progressed to the point where we have formulated definitive conclusions and recommendations.

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50TH ANNIVERSARY 1921-1971

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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 the contents of the report.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Thomas B. Atkins". The signature is fluid and cursive, with a large initial "T" and a long, sweeping underline.

Comptroller General  
of the United States

Enclosure

The Honorable Jacob K. Javits  
United States Senate

MAJOR CONCLUSIONS DRAWNBY THE GENERAL ACCOUNTING OFFICEIN REVIEWING FEDERAL MANPOWER PROGRAMS

On July 1, 1959, Department of Labor programs were placed under comprehensive audit review by the General Accounting Office. Since that time we have made various reviews of manpower programs under both general and specific statutory audit authority. Between 1964 and 1967 we reported to the Congress on a number of administrative matters relating to training under the Manpower Development and Training Act of 1962. Between 1967 and 1969 we reported to the Congress on improvements needed in (1) contracting for on-the-job training in the Los Angeles, California, area, (2) program operations of the Neighborhood Youth Corps in Detroit, Michigan, and Los Angeles, and (3) various activities of Job Corps centers in California, Florida, and Oregon.

We were directed by title II of the 1967 amendments to the Economic Opportunity Act of 1964 to make a broad-scope review of programs and activities authorized by the act. Our summary report on the overall review of antipoverty programs was submitted to the Congress in March 1969. It was followed by 54 additional reports resulting from our reviews at specific locations and by five supplementary reports, prepared by our contractor, on special studies principally directed to evaluating the achievement of program objectives. The programs and activities included certain manpower programs: the Job Corps program, Neighborhood Youth Corps program, Concentrated Employment Program, Work Experience and Training Program, and selected manpower programs administered by Community Action Agencies.

In our review of the Job Corps program, we made evaluations at two men's centers, two women's centers, and five conservation centers. For the other manpower programs, our review covered large- and medium-sized cities as well as rural areas.

Because of the need to cover a wide range of programs with limited staff resources, we were able to select only a limited number of locations at which to make this broad-scope

review. The various antipoverty programs operated in the State of New York were not included in that review.

The Senate Committee on Labor and Public Welfare, in reporting on the 1968 amendments to the Manpower Development and Training Act, urged us to broaden our evaluation of manpower programs to give the Congress the benefit of independent reviews of the performances of the executive agencies. In response we have made a number of reviews of Federal manpower programs under our general audit authority (the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67)) and have issued reports to the Congress on these reviews. The reports dealt with: (1) the Special Impact program in Los Angeles, (2) the on-the-job training program in Appalachian Tennessee, (3) the East Bay Skills Center in Oakland, California, (4) the evaluation of the Job Opportunities in the Business Sector (JOBS) program in five cities, (5) the Special Impact program in the Hough area of Cleveland, Ohio, and (6) the Work Incentive (WIN) program in Los Angeles and in Denver, Colorado.

We have reviews in progress in the following manpower areas: (1) Concentrated Employment Program in rural Mississippi and in the south Bronx section of New York City, (2) Neighborhood Youth Corps program in Washington, D.C., Houston, Texas, and Norfolk, Virginia, (3) institutional training under the Manpower Development and Training Act in Boston, Massachusetts, the State of South Carolina, and the Appalachian area of Kentucky, (4) Opportunities Industrialization Centers in Philadelphia, Pennsylvania; Milwaukee, Wisconsin; Dallas, Texas; Oklahoma City, Oklahoma; and Seattle, Washington, (5) Special Impact program in the Bedford-Stuyvesant area of New York City, and (6) local manpower activities supported or administered by selected Community Action Agencies.

We are also monitoring a review of five manpower programs--institutional training, Neighborhood Youth Corps, JOBS, Job Corps, and New Careers--which is being performed by private contractors for the Department of Labor.

The ongoing reviews generally are being directed toward an evaluation of the results of program operations and the identification of significant areas of weakness in program

administration or concept that require management attention and action by either the administering agencies or the Congress.

### GENERAL CONCLUSIONS

We have experienced many problems in reviewing manpower programs. The programs deal with such intangible concepts as the social levels of disadvantaged persons and are subject to conditions which are not amenable to reliable, and in some cases not amenable to any, quantitative measurement. As a result:

- Criteria are lacking by which to determine at what level of accomplishment a program is considered successful.
- The large volume and variety of data necessary to ascertain program results have been, and still are, either not available or not reliable.
- Program accomplishments may not be fully perceptible within a relatively short time frame.
- Other Federal, State, local, and private programs aimed at helping the poor and changes in local conditions, such as declining labor demands due to economic conditions, wage scales, and local attitudes, have their effect upon the same persons who receive assistance under the manpower programs.

Because of the above reasons, the large number and diverse nature of Federal manpower programs and because we can review these programs at only a limited number of locations at one time, we have not drawn any overall conclusions regarding the total Federal manpower effort. We found, however, that certain aspects of the various manpower programs needed improvement. Among the improvements needed were: the limitation of enrollment to only eligible persons, better follow-up on program graduates, improved counseling of program enrollees, and better monitoring of the programs by the contractors and the Department of Labor.

Presented below are the conclusions we have reached as a result of completed reviews of the various categorical manpower programs.

Manpower programs of the  
Economic Opportunity Act

The manpower programs authorized by the Economic Opportunity Act--the Concentrated Employment Program, Job Corps program, Neighborhood Youth Corps program, Work Experience and Training Program, and Special Impact program--have provided training, work experience, and supportive services to the participants. We concluded, however, that, in terms of enhanced capabilities, subsequent employment, and greater earnings, the program benefits were limited.

The Concentrated Employment Program, during the short period it had been in existence at the time of our 1968-69 review, showed some promise of contributing meaningfully to the coordination of existing manpower programs in specific target areas.

Job Corps members have had an opportunity to develop, in varying degrees, work skills and good work habits and to further their academic education. Overall, however, it appeared that the Job Corps program, particularly at conservation centers, had achieved only limited success in fulfilling its primary purpose of assisting young persons to develop their capacities for work and their social responsibilities.

The in-school and summer components of the Neighborhood Youth Corps program provided enrolled youths with some work experience and with some additional income and resulted in an improvement in their attitudes toward the community and in greater self-esteem. We concluded that, if the program was to be used as a force to significantly mitigate the dropout problem, greater flexibility should be provided in the use of funds for such activities as the enlargement of existing school curriculums, more intensive and professional counseling, and tutoring for potential dropouts.

We questioned the need for retaining the Neighborhood Youth Corps program out-of-school component as a separate entity. The objectives of this component seemed to be encompassed in other existing programs, particularly in programs

authorized under the Manpower Development and Training Act, with which the out-of-school component could be merged. The out-of-school component, as operated, had not succeeded in providing work training in conformity with clearly expressed legislative intent.

The Work Experience and Training Program, which was replaced by the WIN program, enabled persons on the welfare rolls to obtain employment and assume more economically gainful roles in society. We noted some deficiencies in certain functions of administration, however, which detracted from the accomplishment of the program's mission.

The Special Impact program in Los Angeles was an experimental program. Contracts were awarded to private profitmaking firms to provide training and jobs to unemployed or underemployed disadvantaged persons. The program was implemented hurriedly, without the detailed planning and attention that such an innovative approach generally would require to enhance the chances of its success and to protect the interests of the Government.

Although our field review was completed before the contracts for the operation of the program had expired, it was evident that the program in Los Angeles had fallen far short of accomplishing its objectives and that few intended benefits would be obtained for the \$6 million advanced to the contractors.

We believe that, although the program did not prove to be effective in Los Angeles, it could have been effective had it been adequately planned and had the contractors been carefully selected and their operations adequately monitored by the Department of Labor.

The Special Impact program in the Hough area of Cleveland was designed to plan the development of the community, attract and create industries that would train and employ Hough residents, and promote ownership and management of businesses by local residents.

As of February 1971, after more than 2-1/2 years of Federal funding, the Special Impact program had brought few

visible benefits to Hough. Considering Hough's deep-seated and long-standing problems of unemployment, poor housing, and high crime rate, however, it would be unrealistic to expect a major social and economic impact in that short a time. Hough Area Development Corporation leaders have shown a willingness to recognize their errors and have attempted to correct them. We believe that they have learned that complex programs require planning not only of what to do but also of how to do it.

We concluded that, if the Special Impact program in Hough is to succeed, it must maintain the support of the Hough community. To this end Hough Area Development Corporation soon must demonstrate that it can produce successful projects which will provide tangible benefits to the community.

#### Training under Manpower Development and Training Act

##### On-the-job training

In Appalachian Tennessee the Department of Labor, two community agencies--the contract sponsors--and the State employment service needed to substantially improve certain aspects of on-the-job training. For example, most of the private firms operating the program as subcontractors were not providing any training beyond that normally provided to new employees or generally were not hiring for training persons with any different qualifications from those normally hired. Under these circumstances we believe that nothing of significance was being accomplished under the program in Appalachian Tennessee. Federal funds were dissipated that could have been used in productive on-the-job training activities for qualified enrollees.

In Los Angeles we found that certain contracts served primarily to reimburse the private employers for on-the-job training of the same type they apparently would have provided without the Government's financial assistance.

##### Institutional (classroom) training

At the East Bay Skills Center in Oakland, we found underuse of facilities, inadequate recordkeeping, and acceptance

of ineligible trainees. Reasons for underuse included (1) insufficient funding, (2) a lack of arrangements for other federally supported training programs to use the facilities, (3) a delay between the completion of one training course and the start of another, and (4) an inflexible curriculum that did not readily permit new trainees to enter courses except at certain prescribed times.

The absence of adequate data on employment of former trainees made it impossible to measure the center's overall effectiveness.

### JOBS PROGRAM

The JOBS program has been effective in focusing the attention of businessmen on the employment problems of disadvantaged persons and in eliciting broad responses and commitments by many private employers to hire, train, and retain the disadvantaged. The Department of Labor and the National Alliance of Businessmen, however, had not compiled accurate data on the results achieved, and their reports on accomplishments generally were overstated. The most significant problems with the JOBS program concerned (1) the need for more accurate and meaningful data on program operations and (2) the way the program was conceived and designed.

In a March 1971 report to the Congress, we stated that, as then conceived, the JOBS program was being reasonably successful in helping the disadvantaged obtain meaningful employment during periods of high or rising employment but not during periods of high or rising unemployment.

The persons whom the JOBS program was designed to assist constituted too broad a segment of the population and included many who had no legitimate need for assistance under this type of program. Many persons enrolled in the program appeared to require placement assistance only, not the costly on-the-job training and support services that are integral parts of this program.

The number of job pledges by some prospective employers were unrealistically high and were not always consistent with their abilities or intentions to provide jobs. As a result information on JOBS program activities that was available to the Congress did not provide a realistic picture of

industry participation. A significant number of the jobs provided by contractors paid low wages and appeared to afford little or no opportunity for advancement.

On May 5 and 6, 1970, we testified before the Senate Subcommittee on Employment, Manpower, and Poverty and presented our preliminary findings and observations on the JOBS program.

#### WIN PROGRAM

The WIN program has achieved some success, during its first 2 years of operation, in training and placing welfare recipients in jobs. This has resulted in savings in welfare payments in some cases. The complete results of the program cannot be determined readily, however, because of shortcomings in the program's management information system.

Because of its limited size in relation to the soaring welfare rolls and for other reasons, the WIN program does not appear to have had any significant impact on reducing welfare payments. The success of the WIN program is governed, in significant measure, by the state of the economy and by the availability of jobs for persons trained through it. The WIN program is not basically a job creation program, and during periods of high unemployment it encounters great difficulty in finding permanent employment for the enrollees.