

REPORT BY THE

# Comptroller General

OF THE UNITED STATES

## Much More Could Be Done For Veterans In Employment And Training Programs

Designated classes of Armed Forces veterans are to be given special treatment in employment and training programs administered by the Department of Labor.

Although many veterans benefited from Employment Service and Comprehensive Employment and Training Act programs, much more could be done in those programs to find jobs and training opportunities for veterans.

This report to the Chairman, Senate Committee on Veterans' Affairs, contains many recommendations for improving the programs.



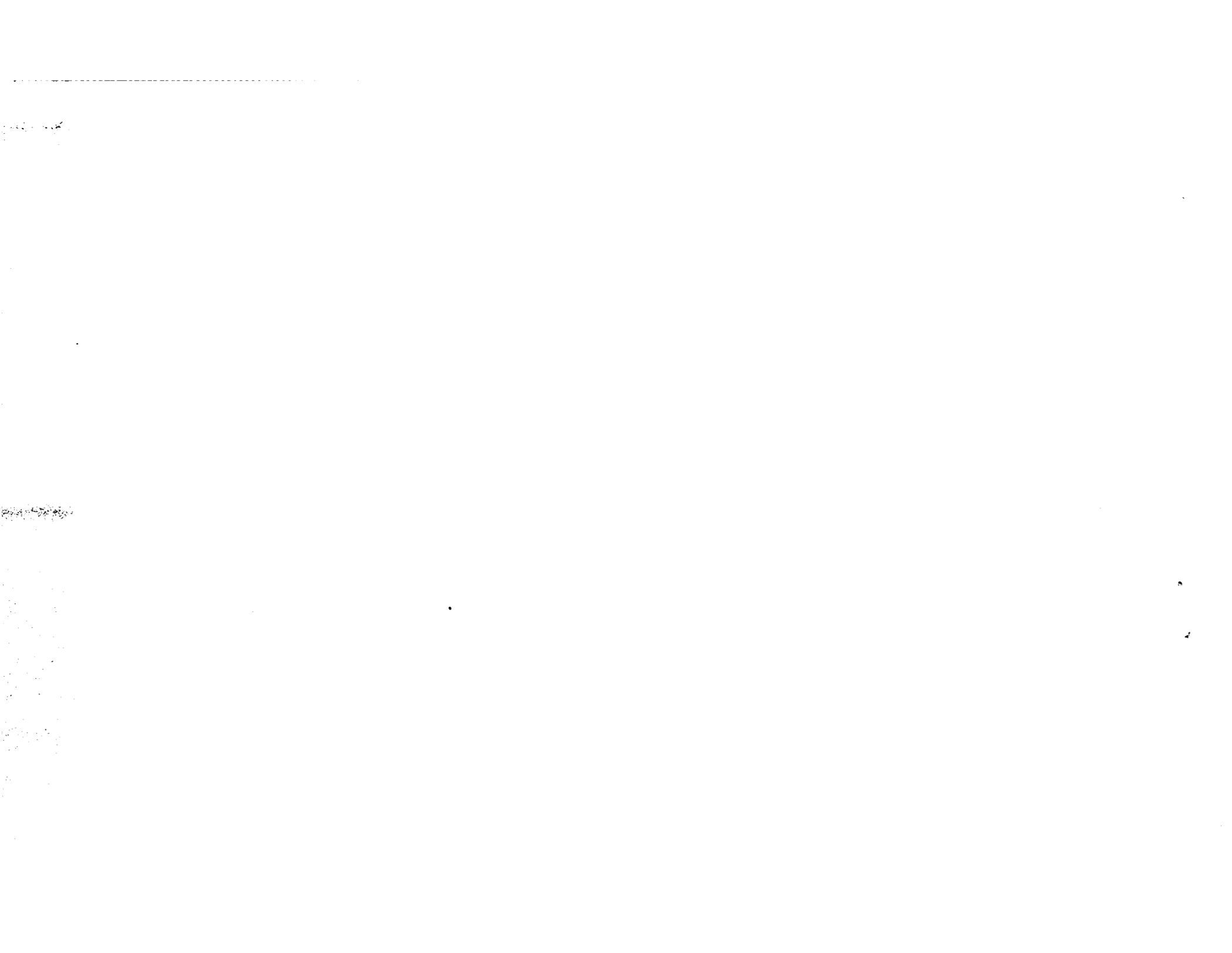
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*GAO 78-166*

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DECEMBER 29, 1978





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

B-178741

The Honorable Alan D. Cranston  
Chairman, Committee on Veterans' Affairs  
United States Senate

*SEN 3966*

Dear Mr. Chairman:

This is our report on services provided to veterans in the Comprehensive Employment and Training Act (CETA) and U. S. Employment Service programs prepared pursuant to the October 29, 1976, request of the former Chairman.

Officials of the Department of Labor, the Veterans Administration, the State employment security agencies, and CETA prime sponsors included in the review have been given the opportunity to review and comment on this report. Their views have been incorporated, where appropriate.

Copies of the report are being sent to the Director, Office of Management and Budget; to the Secretary of Labor; the Administrator of Veterans Affairs, Veterans Administration; the heads of State agencies and prime sponsors reviewed; other congressional committees; Members of Congress; and other interested parties.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James P. Atchey".

Comptroller General  
of the United States



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Out  
Assigned  
back

COMPTROLLER GENERAL'S  
REPORT TO THE CHAIRMAN  
COMMITTEE ON  
VETERANS' AFFAIRS  
UNITED STATES SENATE

MUCH MORE COULD BE  
DONE FOR VETERANS IN  
EMPLOYMENT AND TRAINING  
PROGRAMS

D I G E S T

Services offered in the Comprehensive Employment and Training Act (CETA) and U.S. Employment Service programs to give designated classes of Armed Forces veterans special treatment (as laws and regulations require) are in definite need of improvement. These findings are based on reviews of programs in Kansas City and Springfield, Missouri; Los Angeles and San Bernardino, California; Indianapolis and Evansville, Indiana; and the consideration of national program data.

AGC 66492  
DLG 66495

COMPREHENSIVE EMPLOYMENT  
AND TRAINING ACT

CETA programs are managed by over 450 prime sponsors--generally State and local governments--operating under Department of Labor regulations. The regulations in effect at the time of GAO's field work provided that special consideration be given to disabled veterans, special veterans, and recently separated veterans--groups here after referred to as "priority veterans." Priority veteran participation in the programs during fiscal year 1977 ranged from 4 to over 20 percent depending on the sponsor and the program involved. (See p. 13.)

AGC 9

AGC 16  
AGC 994

Special consideration to applicants

Although special consideration was required, the term was not defined either in the act or implementing regulations. Labor had not provided its regional offices or sponsors guidance on giving special consideration to priority veterans. (See p. 8.)

Sponsors' program plans varied considerably in describing how special consideration would be provided. Similar variations existed in the sponsors' subgrants.

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✓ Sponsors' program plans and some subgrants included numerical veteran employment goals, although not specifically for priority veterans. Goals were often subjective, and information was not available on the number of unemployed priority veterans residing in the sponsors' jurisdictions. (See pp. 10 and 11.)

✓ Special treatment was generally not given to priority veterans. ✓ In many cases, participants were selected based on factors such as "best qualified," "most in need," or "most likely to succeed." Some referral and selection officials were not aware of special consideration requirements, and operating officials did not always know which categories of veterans were to receive special treatment. (See p. 12.)

✓ Labor's monitoring of the sponsors' programs generally did not determine whether priority veterans received any special treatment. ✓ Generally, sponsors did little monitoring of subgrantees' procedures for giving special consideration to veterans, and were often unaware of whether or how, special consideration was provided. (See p. 19.)

✓ Because of these shortcomings, priority veterans had not received special treatment. (See p. 22.)

✓ The 1978 CETA reauthorization added more terms describing treatment for various categories of veterans. The additional terms add to the need for developing guidelines for sponsors. (See pp. 21 and 22.)

↖ The Secretary of Labor should

--establish guidelines on the special treatment to be given to the various categories of veterans,

--provide guidance to sponsors on how to obtain and use planning data on unemployed veterans in the different categories when sponsors establish participation goals, and

--increase Labor's monitoring of sponsors' procedures for giving special treatment to the various categories of veterans. (See pp. 23 and 24.)

#### Program participation data

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The data Labor provides to the Congress and the public on the number of veterans served by the program are inflated. (See p. 26.)

Sponsors did not maintain data on the number of persons applying for the program. Data on all applicants would be useful to Labor and sponsors in determining whether veteran applicants fare better than other applicants. (See p. 29.)

Consequently, the Secretary of Labor should *a/o*

RE A  
--revise reporting requirements to eliminate duplicate counting of veteran participants and

--direct that sponsors maintain data on the extent to which the various categories of veterans entitled to special treatment apply for the programs and that sponsors maintain participant data for each subgrantee. (See pp. 30 and 31.)

#### Coordination between CETA and employment service programs

Public service employment openings were not always listed with the U.S. Employment Service as required. The Employment Service is a source of veteran applicants but did not always comply with requirements to refer only priority veterans during the first 48 hours. (See p. 33.)

The number of and differences in veteran classifications used by the two programs needlessly complicate administration. The same definitions should be used in both programs. (See p. 36 to 38.)

The Secretary of Labor should:

--Direct that Labor regional officials give increased emphasis to assuring that sponsors

and their subgrantees list all public service jobs with the Employment Service, and that the Service refer those veterans designated to receive special treatment to jobs first as required.

--Develop uniform veteran definitions and classifications for all Labor programs and submit proposed legislation to the Congress where legislative changes in veteran definitions and classifications are needed. (See p. 39.)

#### U.S. EMPLOYMENT SERVICE

Employment Service programs have not assisted veterans to the degree they could have. (See pp. 40 and 62.)

##### Regular Employment Service program

GAO's review at six local employment offices in three States revealed that the offices gave first priority to veteran or nonveteran walk-in clients. During fiscal years 1976 and 1977, Employment Service data showed that veteran applicants fared slightly better than nonveterans in job referrals nationwide and in the three States, but, in some cases, not as well as nonveterans in placements. Many veterans received no reportable services whatsoever. (See p. 40.)

Veterans sometimes received preferential treatment in job referrals, but additional veterans could have been referred. GAO's test of 234 job openings in occupations where there were veteran applicants showed 198 veterans and 441 nonveterans were referred. An additional 309 veterans should have been referred. (See p. 43.)

None of the six offices fully met Labor's placement standards for veterans and handicapped veterans in fiscal year 1976. Four of the six did not meet the standard for either veteran category, but all six improved their performance in fiscal year 1977. However, only two of the six fully met the veteran placement standards that year. (See p. 42.)

Local employment offices served walk-in clients first with file searches made on an as-time-permits basis. The Secretary of Labor should give increased emphasis to providing preferential services to veterans by having local Employment Service offices make a concerted effort to alert veterans of the advantages of visiting local offices frequently. (See p. 59.)

#### Disabled veterans outreach program

The disabled veterans outreach program was announced in January 1977 as one of the President's attempts to assist disabled veterans in their search for employment. However, the staff employed in this program have been used to perform regular duties to nondisabled veterans and nonveterans. (See p. 49.)

The Secretary of Labor should make sure that the program staff serve mainly disabled veterans. (See p. 59.)

#### On-the-job training program

Agreements between the Employment Service and the Veterans Administration to make VA's on-the-job training program viable have resulted in little improvement in the administration and use of the program. The Employment Service has not taken effective action to carry out the agreements. (See pp. 53 and 54.)

The Secretary of Labor should renegotiate an agreement with VA to develop an efficient and effective system. (See p. 59.)

#### Mandatory job listing program

The Vietnam-Era Veterans' Readjustment Assistance Act of 1972 requires Federal contractors and subcontractors to list their job openings with the Employment Service so that the Service can refer veterans to these openings. Contractors did not list all of their openings. Local offices had ineffective programs for identifying such contractors and reporting them to Labor. GAO found that of 2,300 hires reported by 114 contractors, 500 of the job openings had been listed with the Employment Service. (See p. 72.)

Labor's system for notifying local employment offices of contractors subject to the mandatory listing provides incomplete data. Subcontractor locations are not identified and prime contract award and completion dates needed to establish the period of coverage are frequently omitted. (See p. 65.)

Mandatory listed job orders were coded incorrectly, resulting in Employment Service personnel being unaware that veterans should be given priority referrals to these jobs and activity report being understated. (See p. 67.)

The Secretary of Labor should institute ways to strengthen the enforcement and administration of the mandatory listing program and bring about a needed revision in program regulations. (See p. 74.)

#### VETERANS EMPLOYMENT SERVICE

The Department of Labor's Veterans Employment Service is responsible for helping to make sure that Labor's policies on serving veterans are carried out. This is an advisory role and its effectiveness depends largely on cooperation obtained from those who manage the programs. The many problems discussed in this report indicate that substantial improvements are needed in virtually all key areas of veterans employment programs. To effectively improve employment services for veterans will take a dedicated commitment from the Secretary of Labor down through and including program operators. (See p. 78.)

#### AGENCY COMMENTS

The Department of Labor agreed with most of the recommendations in this report, but disagreed with the recommendation that veterans be alerted to the advantages of visiting local Employment Service offices frequently. In its general comments, Labor pointed out that the unemployment of white veterans has improved dramatically in the past year although the situation of the minority veteran remains grim. (See app. III.)

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ABBREVIATIONS

CETA	Comprehensive Employment and Training Act
GAO	General Accounting Office
UCX	unemployment compensation for ex-servicemen
VA	Veterans Administration
VES	Veterans Employment Service of the Department of Labor



## CHAPTER 1

### INTRODUCTION

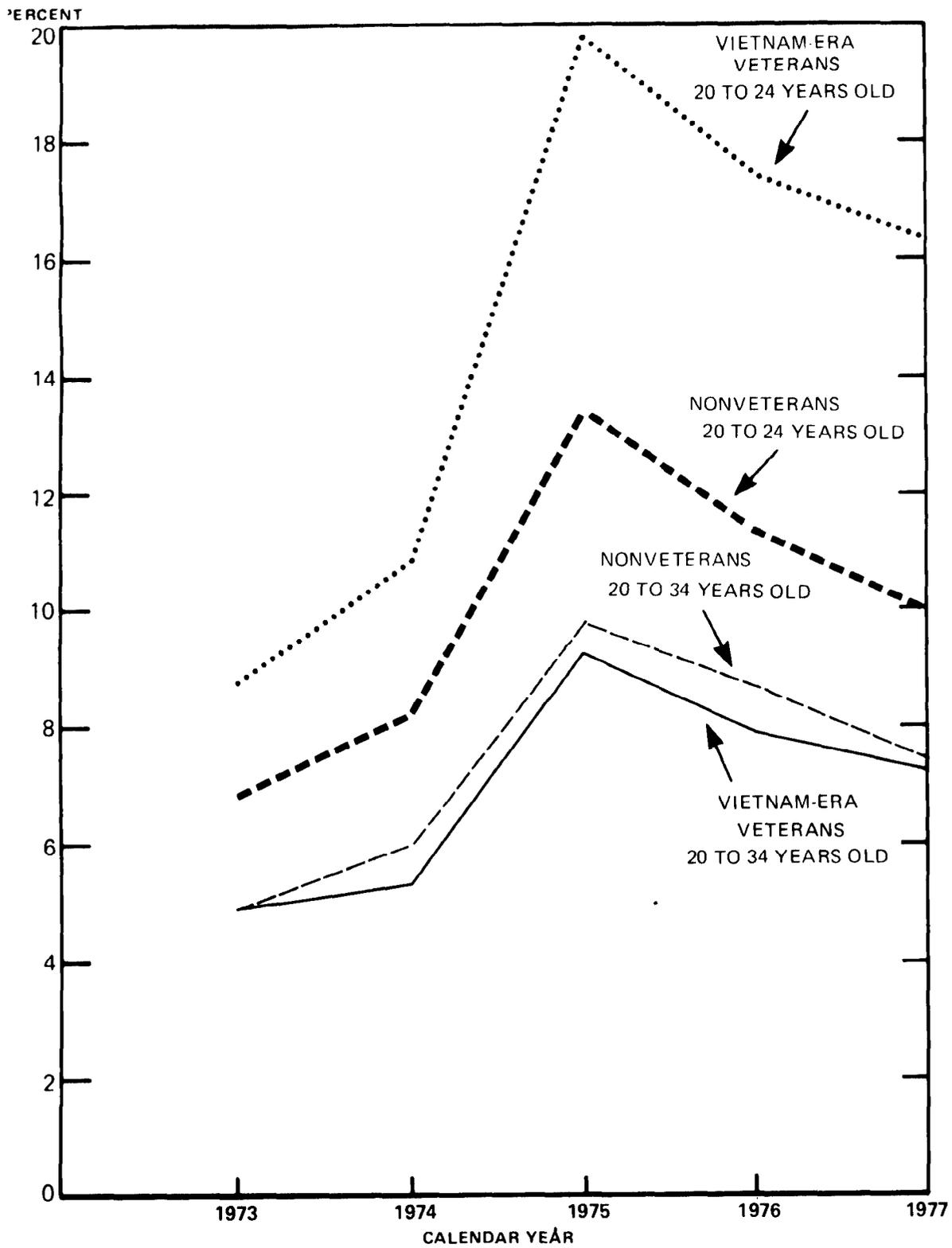
The Congress has legislated that certain federally-funded employment and training programs should give preferential treatment to certain veterans. Department of Labor regulations have expanded the types of veterans to receive preferential treatment and increased the number of Comprehensive Employment and Training Act (CETA) programs that must give special consideration.

The Chairman of the Senate Committee on Veterans' Affairs requested us to:

- Follow-up on our earlier report, "Employment Services For Vietnam-Era Veterans Could Be Improved" (Nov. 29, 1974, B-178741) and our letter report on the Veterans Administration (VA) on-the-job training programs (July 9, 1975, B-178741). Specifically, the Committee was interested in the mandatory job listing program, the on-the-job training program, and the overall effectiveness of the Federal and State Veteran Employment Services representatives within the Employment and Training Administration, Department of Labor.
- Perform an overall evaluation of CETA and veterans.
- Analyze the unemployment compensation program for ex-servicemen (UCX)--specifically, the extent of services received by veterans while they are drawing UCX.

The Chairman expressed concern over the continued high rate of veteran unemployment, particularly among young veterans. As shown in the following chart, even though Vietnam-era veterans in the 20 to 34 age group have had a lower annual average unemployment rate than nonveterans, younger Vietnam-era veterans, age 20 to 24, have had a higher annual average unemployment rate than nonveterans in the same age bracket. Since 1975, male Vietnam-era veterans aged 25 to 29 have also had higher annual average unemployment rates than their nonveteran counterparts. Unemployment rate information was not available for female veterans.

# ANNUAL AVERAGE UNEMPLOYMENT RATE FOR MALES BY AGE GROUP



Source: U. S. Bureau of Labor Statistics

The previous chart shows that the annual average rate of unemployment for the selected groups has been dropping since 1975. On an annual average basis, the Vietnam-era veterans 20 to 34 years of age had a consistently lower rate of unemployment during calendar years 1973 through 1977 than non-veteran males in the same age group. However, on a monthly basis, the Vietnam-era veterans aged 20 to 34 years have not always had the lower rate.

The chart also shows that from 1973 to 1977, the Vietnam-era veterans, aged 20 to 24 years, have consistently had an annual average unemployment rate higher than the non-veteran males 20 to 24 years old. In May 1978, for the first month since April 1974, the unemployment rate for Vietnam-era veterans 20 to 24 years old fell below 10 percent; and for the first month since January 1973, the monthly unemployment rate for this same group was lower than the unemployment rate for their counterpart nonveteran males.

In June 1978, the unemployment rate for the two categories of 20 to 24 year olds remained below 10 percent, but once again the Vietnam-era veterans had an unemployment rate that was higher than the rate for nonveteran males. However, in July and August 1978 the unemployment rates for Vietnam-era veterans (20 to 24 year olds) were 11.4 and 13.9 percent, respectively, while the rate for nonveteran males remained below 10 percent.

#### THE U.S. EMPLOYMENT SERVICE AND THE VETERANS EMPLOYMENT SERVICE

The Wagner-Peyser Act of 1933 (29 U.S.C. 49) created the Employment Service--A Federal-State system of over 2,400 local employment service offices. The Employment Service and its component, the Veterans Employment Service (VES), were placed in the Department of Labor by Reorganization Plan No. 2 of 1949.

The Veterans' Education and Employment Assistance Act of 1976 (38 U.S.C. 101) established the position of Deputy Assistant Secretary of Labor for Veterans Employment. Following this legislation, Labor removed VES from the organizational structure of the U.S. Employment Service and established it as a separate entity. Both VES and the U.S. Employment Service are in the Employment and Training Administration.

The Employment Service's principal role is to find jobs for people and people for jobs. It also provides

counseling, testing, and other employment services to job seekers. Employers submit job orders to the Employment Services, which then refers applicants to these openings.

VES, working in cooperation with State Employment Service agencies, is responsible for monitoring services provided to veterans by State employment offices and for related activities by

- visiting and evaluating local offices,
- obtaining current information on job availability in the public and private sectors,
- promoting the hiring of veterans,
- maintaining contact with employers and veterans' organizations to advise employers of veteran availability and to advise veterans of job opportunities, and
- advancing veterans' employment and improving their working conditions.

VES representatives are also responsible for reviewing the plans and monitoring the performance of prime sponsors that operate CETA programs.

#### MANDATORY JOB LISTING

The Vietnam-Era Veterans' Readjustment Assistance Act of 1976 (38 U.S.C. 101,2012) provides that most Federal contracts are to contain a clause which requires (1) the mandatory listing of suitable job openings with the local Employment Service office by Federal contractors and first-tier subcontractors and (2) that special emphasis be placed on hiring qualified disabled veterans and Vietnam-era veterans in carrying out the contracts. The local Employment Service office is to give veterans priority when referring persons to job openings listed by Federal contractors.

#### ON-THE-JOB TRAINING

Readjustment benefits legislated for veterans under the "GI bill" (38 U.S.C. 101,1787) include the on-the-job training program. Under this program, an approved employer promises a permanent job to a veteran upon successful completion of training. An employer's on-the-job training program must be approved by a VA-designated, State approving agency for each State according to VA-specified criteria.

Training for each participant cannot exceed 2 years and must be on a full-time basis. Employers must initially pay

the veteran at least one-half of the wages paid for the job the veteran is being trained for. The employer increases the percentage of the wage he pays on a regular schedule. Regardless of the dollar amount paid by the employer, VA will pay the veteran participant a monthly training assistance allowance which is based on the number of dependents claimed. The VA allowance is decreased every 6 months as the wages are increased.

#### COMPREHENSIVE EMPLOYMENT AND TRAINING ACT PROGRAM

The Comprehensive Employment and Training Act of 1973, as amended (29 U.S.C. 801), established a flexible and decentralized system of Federal, State, and local programs to provide job training and employment opportunities for unemployed, underemployed, and economically disadvantaged persons and to assure that training and supporting services lead to maximum opportunities and enhanced self-sufficiency of participants.

Under CETA, about 450 prime sponsors--generally State or local government units--are responsible for program design and execution. Through its 10 regional offices, Labor is responsible for providing technical assistance, approving plans, and monitoring prime sponsors' activities. Labor must also assure that employment services are available to target groups designated by CETA and that the prime sponsors comply with the act's provisions.

The activities under three CETA titles, as they related to services to veterans, were included in this review:

--Under title I, comprehensive employment services were provided including development and creation of job opportunities, and the training, education, and other services needed to enable individuals to secure and retain employment at their maximum capacity.

--Under titles II and VI, public service employment programs were provided. The title II program was viewed as a permanent program to assist persons in areas of substantial unemployment. Title VI was authorized as an emergency program to provide additional public service jobs in areas of excessively high unemployment.

In the reauthorization of CETA (Pub. L. No. 95-524, Oct. 27, 1978) titles I and II generally were combined into title II. Title references in this report are to the CETA legislation prior to reauthorization unless otherwise specified.

UNEMPLOYMENT COMPENSATION  
FOR EX-SERVICEMEN

The UCX program provides unemployment benefits for eligible veterans while they are seeking employment. Pursuant to agreements with the Secretary of Labor, State Employment Security agencies accept claims and pay benefits from Federal funds to veterans under the same terms and conditions and in the same amounts as those provided by the unemployment insurance law of the State in which the veteran files the first claim.

SCOPE OF REVIEW

The operations of Employment Service and CETA prime sponsors' and subgrantees' programs applicable to veterans were reviewed in six communities--Kansas City and Springfield, Missouri; Los Angeles and San Bernardino, California; and Indianapolis and Evansville, Indiana. In addition, we reviewed the operations of the Veterans Employment Service at headquarters, regional, and State levels as they related to the locations we visited.

Our fieldwork was done during 1977 at 1 Employment Service office in each city, at 6 prime sponsors, and at 34 CETA subgrantees. Appendix I contains selected program data for the CETA prime sponsors and subgrantees. As used in this report, the term subgrantee generally refers to an entity operating a CETA program under a subgrant or agreement issued by the sponsor, but in some cases the term refers to a particular sponsor-operated program or location.

Factors considered in selecting review locations were

- Vietnam-era veterans population ranking for all States as of June 1975 (California, Indiana, and Missouri ranked first, eleventh, and thirteenth, respectively); and
- a desire to examine services to veterans in several geographical areas of the country.

The review involved examining (1) pertinent legislative history, (2) Labor's regulations, policies, and procedures, (3) plans and reports prepared by Employment Service and CETA prime sponsors at selected locations, and (4) nationwide reports prepared on Employment Service and CETA activities. Interviews were held with officials of the Employment and Training Administration at headquarters and its regional offices in Chicago, Kansas City, and San Francisco; the Employment Service State and local entities; and CETA prime sponsors and subgrantees.

## CHAPTER 2

### SERVICES TO PRIORITY

#### VETERANS IN CETA PROGRAMS

##### NEED IMPROVEMENT

In the past, certain veterans who were to receive "special consideration" required by Labor regulations generally did not receive special treatment. Reasons for this included inadequacies in (1) prime sponsors' plans for serving veterans, (2) Labor's guidance on the meaning of special consideration for veterans, and (3) Labor's review of sponsors' plans and practices for serving veterans. Plans for serving these veterans were inadequate in that they made no specific efforts to attract new veteran applicants, to develop job and training opportunities for them or to give these veterans a better chance of participating in CETA. The Congress has changed the CETA legislation since our field work was completed, as will be discussed later in this chapter, but confusion as to the type of treatment to be accorded veterans remains and will continue to remain until Labor establishes guidelines which result in uniform implementation of the law.

Three categories of veterans were to receive special consideration during the period reviewed. CETA legislation required that special consideration be given to those veterans who served in the Armed Forces in Indochina or Korea on or after August 5, 1964, and who received other than dishonorable discharges. Labor regulations increased the types of veteran to receive special consideration to include (1) disabled veterans, (2) recently separated veterans, and (3) special veterans. The category "special veteran" further defines the area around Indochina or Korea where the veteran must have served. Appendix II gives Labor's definitions in effect during the period covered by our review of these veteran categories. In this report, we use the term "priority" veteran to designate the three categories of veterans which Labor, by regulation, designated to receive special consideration. The term special consideration was not defined by Labor.

At most of the CETA locations reviewed, there was little evidence that priority veterans received any special treatment that gave them a better chance to participate in CETA. Poor monitoring practices by Labor and prime sponsors contributed to the scarcity of such special treatment.

In January 1977, the Secretary of Labor announced plans to reserve for veterans, 35 percent of the new public service jobs (titles II and VI) provided for in the President's economic stimulus package. The 35-percent goal was for all veterans, not just priority veterans. Starting in mid-February 1977, Labor emphasized this 35-percent goal and incorporated it into titles II and VI regulations issued in May 1977. Although many new public service jobs were filled by the end of fiscal year 1977, national data does not show much effect in increasing veterans' participation in these programs. However, as discussed on page 17, some sponsors that we reviewed increased veteran participation during the last half of the fiscal year.

Participation by priority veterans in fiscal year 1977 in the programs we reviewed ranged from 4 percent in the Los Angeles sponsor's title I program to 20.5 percent in the same sponsor's title II program. Nationwide participation reported by Labor for fiscal years 1976 <sup>1/</sup> and 1977 for all veterans and for priority veterans was as follows:

	Percent of total enrollments					
	Title I		Title II		Title VI	
	1976	1977	1976	1977	1976	1977
All veterans	10.7	10.1	25.9	23.0	25.9	24.9
Priority veterans	6.2	6.6	15.5	13.4	13.9	14.3

NOTE--The percentages, excluding the fiscal year 1977 title I all veterans category, are inflated because of reporting problems discussed more fully in chapter 3.

Between May of 1977 and March of 1978, over 160,000 veterans had been hired under the President's economic stimulus program. Labor's documentation supporting the 160,000 veteran hires showed that veterans represented 24 percent of the total hires (668,169) during the period cited. Thus, many veterans were hired although the percentage of veterans served by CETA fell short of the 35-percent goal.

GUIDELINES NEEDED TO ASSURE ACCEPTABLE  
SPECIAL CONSIDERATION PRACTICES

A factor contributing to prime sponsors and subgrantees not giving special consideration to priority veterans was that Labor headquarters had not issued guidelines on what

<sup>1/</sup>References to fiscal year 1976 throughout this report include the transition quarter unless indicated otherwise.

special consideration" practices were acceptable. Although CETA and its implementing regulations provided that special consideration be given to certain veterans, they did not define what actually constituted special consideration.

In two of the three Labor regions we visited, memoranda had been issued to sponsors defining special consideration, but those definitions were more a restatement of existing regulations than an amplification. A part of the regions' definition was that sponsors should serve CETA priority veterans in the same ratio as such veterans bore to the total population residing in the sponsors' jurisdictions. However, data was not available on the extent to which priority veterans resided in the sponsors' jurisdictions. 1/ The other Labor region had not provided its prime sponsors a definition of special consideration.

Without a uniform definition from Labor on what special consideration meant and what was an acceptable level of service, sponsors lacked adequate guidance on how to define special consideration in their plans and provide it in their operations. Also, the three Labor regions were not uniform in what was considered acceptable special consideration. Some Labor regional personnel responsible for reviewing CETA plans told us that including veterans as a significant segment with numerical goals constituted adequate special consideration, even if the goals did not pertain to priority veterans specifically. Other officials had other opinions of what comprised an adequate description of special consideration. One official in a Labor region said he did not believe the Congress intended for "special consideration" to be defined.

To assess whether program operators were providing priority veterans any special consideration, and in the absence of any specific guidelines, we developed and used our own criteria--that is, whether priority veteran applicants had a better chance to participate in CETA. Since many needy persons are eligible for CETA, this criteria would merely give priority veterans some special treatment but should not be considered as giving these veterans preference in the actual filling of job and training slots.

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1/In an earlier report to the Congress, we recommended that "the Secretary of Labor establish guidelines which can be used by prime sponsors in developing more complete, current, and accurate labor market data through systems that would be worth what they cost." "Formulating Plans for Comprehensive Employment Services--A Highly Involved Process" (HRD-76-149, July 23, 1976).

Labor did establish a numerical goal of 35 percent to measure the preference to be given to veterans in new title II and VI jobs funded by the Economic Stimulus Appropriation Act (Public Law 95-29, May 13, 1977). However, the 35-percent goal was for all veterans, not just priority veterans.

CETA SPONSORS DID NOT DEVELOP  
PLANS AND GOALS FOR PRIORITY VETERANS

Labor required prime sponsors to describe in their plans how they would give special consideration to priority veterans. Few of the plans we reviewed included detailed descriptions on how special consideration was to be given. Nevertheless, Labor approved the plans. Also, few of the plans reviewed contained enrollment goals specifically for all priority veterans. Of the 30 CETA plans we reviewed, 12 did not describe the special consideration to be provided, and 14 contained descriptions which were vague or inconsequential, or gave the same treatment to nonpriority veterans. We considered the remaining four adequate because a reader would know how the sponsors proposed to give special consideration. Where sponsors delegated program responsibilities to other organizations, the subgrants seldom addressed how the subgrantees were to provide special consideration to priority veterans.

Provisions for special consideration

Our review of the six sponsors' title I, II, and VI plans for fiscal years 1976 and 1977 showed that descriptions of how special consideration would be provided ranged from none to quite specific. One of the most explicit descriptions was in the Kansas City sponsor's fiscal year 1977 title I plan, which provided that priority veterans would be selected first.

At the other extreme, the San Bernardino sponsor's fiscal year 1977 title I description was limited to (1) restating a Federal requirement for listing titles II and VI vacancies with the Employment Service; (2) noting that institutions with facilities for physically disabled veterans would be used; and (3) stating without amplification that, if necessary, special programs for veterans would be developed. A sponsor official told us that Labor regional staff had downplayed the special consideration issue.

The Indianapolis sponsor's fiscal year 1976 plans provided that Vietnam-era veterans rather than priority veterans would receive special consideration. The Evansville sponsor's fiscal year 1977 plans stated that priority veterans would

be given special consideration by including in each program operator's contract (1) provisions that priority veterans be selected first and (2) a percentage goal for such veterans. However, the subgrants contained no such provisions. Some of the fiscal year 1977 title II and VI plans did not describe any special consideration for priority veterans, but discussed instead plans for achieving Labor's goal that 35 percent of new participants be veterans.

Special consideration provisions in subgrants

Subgrants that prime sponsors awarded to program operators were generally deficient in showing how the operators were to provide special consideration. Thirty-seven of the 46 subgrants we reviewed did not contain a methodology for giving special consideration, and 8 did not specifically state that special consideration was to be provided. The remaining subgrant contained a detailed description of how special consideration was to be given.

Numerical veteran goals

The six prime sponsors' title I, II, and VI plans for fiscal years 1976 and 1977, included numerical veteran goals except for the Evansville sponsor's fiscal year 1976 title VI plan. Some of the plans included goals for more than one category of veterans, although none of the goals were for all three veteran categories comprising priority veterans as described on page 7. Goals were established for various veteran groups as follows:

<u>Veteran groups for which goals were established</u>	<u>Number of goals</u>
Special veterans (one of the three priority groups)	9
Vietnam-era veterans	9
All veterans	17
Other veterans	<u>4</u>
Total	<u>39</u>

Our review of the basis for 38 of the 39 goals showed that many were subjective rather than based on the estimated number of veterans available in the sponsors' area. The sponsors had no support for 9 of the 38 goals. Ten other goals were based on past year enrollments, and 16 were based on various veteran data, such as the number of veterans registered with the Employment Service, or State estimates

of the number of Vietnam-era veterans in each county. For example, the San Bernardino sponsor based its fiscal year 1977 title I goal on data showing that 14.7 percent of the local Employment Service office's applicants were Vietnam-era veterans. The remaining three goals were based on Labor recommendations that sponsors include the 35-percent veteran goal in their fiscal year 1977 title II and VI plans.

Only the Los Angeles and San Bernardino sponsors included numerical veteran goals in their subgrants. Assigning veteran goals to each subgrantee would better enable sponsors to monitor subgrantees' veteran performance and identify where goals are not being met. For example, one San Bernardino subgrantee had met 25 percent of its veteran goal, whereas another had met 121 percent of its goal. The low achiever is apparent.

#### VETERAN APPLICANTS NOT TREATED MUCH DIFFERENTLY THAN OTHER APPLICANTS

Veteran status was generally not a factor in practices followed in referring and selecting CETA applicants. Instead, operating officials often based their decisions on factors such as applicants' qualifications, needs, motivation, and ability to benefit from or succeed in the program.

The information gathered on referral and selection procedures was largely through interviews with referral and selection officials, because documentation was generally not available for past referral and selection actions.

Many of the sponsor and subgrantee officials interviewed were not aware of which veterans were supposed to receive special consideration, or in some cases that special consideration was to be provided. In some cases, sponsors did provide special treatment by referring or selecting veterans first, using veteran status as a tie-breaker, or giving veterans additional points where scoring systems for the referral process were used.

The prime sponsors had achieved a priority veteran participation rate as follows, based on data reported to Labor:

	Title I		Title II		Title VI	
	FY 76	FY 77	FY 76	FY 77	FY 76	FY 77

(percent)

Indianapolis	a/7.4	10.0	a/26.5	17.0	a/18.9	17.0
Evansville	8.3	6.2	12.1	9.4	16.6	8.7
Kansas City	2.1	4.7	16.1	12.9	17.9	13.4
Springfield	14.3	6.7	18.4	7.3	22.5	b/11.8
Los Angeles	2.7	4.0	6.6	20.5	6.8	16.7
San Bernardino	7.0	6.9	23.5	16.9	23.5	19.1

a/Represents October 1, 1975, through June 30, 1976.

b/Represents February 1, 1977, through September 30, 1977

Many of the above priority veteran participation rates were higher than the national rates shown on page 8, but most rates were lower in 1977 than in 1976. Five of the sponsors had declining priority veteran participation in titles II and VI, even though Labor had a goal of placing veterans in 35 percent of the new jobs in those titles. That goal was for all veterans, not just priority veterans, and the trend of overall veteran participation in those titles is shown on page 8.

#### Referral and selection of title I participants

Title I participants were either selected at intake locations, or referred to program operators who made the selections. Our review at both referral and selection locations showed there was often no discernible preference given to priority veterans.

The Indianapolis prime sponsor made all referrals to title I job openings, and officials said they tried to refer veterans to openings first. However, no distinction was made between the veteran categories. The sponsor usually referred only one applicant to each opening, and program operators nearly always accepted those applicants.

The Springfield sponsor chose title I participants by judging which applicants could be best served or helped. The sponsor established a point system to aid in assessing the potential of each applicant to complete the program, and gave veterans additional points. But in practice, the points were not used in selection decisions at the time of our fieldwork because all eligible applicants were being selected.

The other four sponsors' subgrantees had a great deal of involvement in making title I referrals and selections. Twelve subgrantees and their operating locations showed little evidence of any systematic procedures for giving a discernable preference to priority veterans. Selection personnel at most locations told us that they chose participants based on factors such as motivation, test results, and time on the waiting list. The Kansas City sponsor's title I plan stated that priority veteran applicants would be selected before other applicants. However, staff at one location we reviewed was not selecting veterans first, and the facility manager said he had not read that part of the plan. One of the Los Angeles sponsor's subgrantees operated a title I intake facility and referred applicants to hiring locations. Veteran status was not a determining factor in making referrals. Another Los Angeles subgrantee did its own intake and selection, but veteran status was not a selection factor.

The San Bernardino sponsor operated three intake facilities which referred applicants to hiring locations. Veteran status was not a factor in referral decisions. Our review at selected hiring locations to which applicants were referred showed that hiring officials based their decisions on factors such as need, interest, and motivation, and that veteran status was not a factor. Two of the Evansville sponsor's title I subgrantees selected applicants who had been on the waiting lists the longest, and therefore veterans received no priority.

A few of the title I activities we reviewed gave some preferential treatment to veterans, although not necessarily to just priority veterans. One of the Kansas City sponsor's subgrantees selected veterans before nonveterans from an applicant waiting list. However, no distinction was made between the veteran categories. One San Bernardino subgrantee's program was designed specifically to serve veterans and handicapped persons. However, the program was small with only 12 slots reserved for veterans.

#### Referral and selection of title II and VI participants

Under the sponsors' title II and VI programs, applicants were referred to public service employers, where hiring officials decided which applicants to employ. Although some locations gave veterans a preference in referrals, there was little evidence that hiring officials gave any formal or

systematic preference to veterans. We visited 13 CETA referral locations and 32 hiring locations. The referral locations discussed below are CETA activities. The Employment Service also makes referrals and was supposed to refer only priority veterans during the first 48 hours. Employment Service referrals are discussed in chapter 4.

### Referral preferences

None of the 13 referral locations reviewed had formal or systematic procedures designed to give priority veterans preference for public service job vacancies. At seven locations, preference was given to veterans, but no distinction was made between priority and other veterans. Some city and county employers had civil service type personnel procedures, and filled CETA vacancies according to those procedures. Veterans received whatever preference was provided for in the civil service procedures.

Some officials at CETA referral locations said they saw no need to give veterans preferential treatment as long as veteran goals were met. Some referral practices which did not give veterans a preference included referring

- the best qualified applicants,
- those considered most likely to transition from subsidized employment to regular employment,
- those applicants considered most in need, and
- applicants based on scoring systems that gave veterans no preference.

Where preference was given to veterans during the referral process, the extent varied from rather negligible to referring all qualified veterans first:

- One San Bernardino subgrantee used a numerical rating of several assessment factors in deciding which applicants to refer to job openings. Veteran status accounted for 3 of the 19 possible points. An official said only veterans would be referred if veteran goals were not being met.
- Another San Bernardino subgrantee tested applicants and made referrals based on test scores. Disabled veterans received 10 additional points and other veterans received no additional points. Referrals might be limited to only veterans if goals were not being met.

- Referral locations with civil service type systems made referrals from their qualified applicant registers. Veterans with passing scores received additional points and thus placed higher on the registers. For example, the Kansas City system gave 5 points to veterans who served at least 6 months active duty during December 7, 1941, to December 31, 1946; January 27, 1950, to January 31, 1955; or January 1, 1964, to January 27, 1973. Disabled veterans serving during any of those periods received an additional 5 points.
- The Springfield sponsor attempted to contact veterans first from its most recent list of applicants, but did not necessarily refer veterans first. No distinction was made concerning the type of veteran.
- The Indianapolis sponsor planned to refer veterans to title II and VI openings first, but an official said that was not always done because (1) there were few veteran applicants in many cases and (2) emphasis was given to serving those most in need, regardless of veteran status.

#### Hiring preferences

None of the 32 hiring locations reviewed gave any discernible preference to hiring priority veterans or had any systematic procedures for doing so although 4 gave some preference to veterans in general. Twenty-three, or 72 percent, of the locations hired the applicants considered to be best qualified. One San Bernardino subgrantee had no specific procedures for giving priority veterans a preference, but achieved a high veteran participation rate (42 percent during the first 6 months of fiscal year 1977) by being located in a veterans' assistance center.

Four hiring officials said they gave some veterans special consideration. Two said they would hire a veteran over an equally qualified nonveteran, and one said he had hired a veteran over a better qualified nonveteran. Another said special veterans had priority over other applicants.

The officials often said they selected those applicants considered to be best qualified. That reason was given at one hiring location even though the prime sponsor had specifically allowed the subgrantee to select a qualified veteran over a better qualified nonveteran. Other reasons for not giving priority veterans a preference included

- not being aware that certain veterans were to receive special treatment,
- not being aware of which veterans were to receive the treatment,
- not being aware of applicants' veteran status, and
- considering preferential treatment for veterans to be in conflict with affirmative action goals or local civil service requirements.

Emphasis placed on increased veteran participation

Labor had emphasized since mid-February 1977, its national goal of filling 35 percent of the new jobs with veterans. Four of the six sponsors achieved increased veteran participation in title II and VI jobs during fiscal year 1977. One sponsor's rate of veteran participation dropped and another sponsor's rate remained the same. The following table shows veteran participation rates for the first half of the year compared to the last half of the year at the sponsors reviewed, based on data reported to Labor.

Veteran participation in title II and VI fiscal year 1977 programs

<u>Sponsor</u>	<u>Percent during first half of year</u>	<u>Percent during last half of year</u>
Indianapolis	17	17
Evansville	15	20
Kansas City	20	27
Springfield	23	27
Los Angeles	30	24
San Bernardino	32	35

LABOR'S REVIEW AND MONITORING OF PRIME SPONSORS' PLANS AND OPERATIONS ARE INEFFECTIVE

The weaknesses discussed earlier in this chapter on sponsors' plans for serving priority veterans, and the frequent lack of any operating procedures to give priority veterans a better chance to participate in CETA programs, demonstrate the ineffectiveness of Labor's review of sponsors' plans and its monitoring of program activities relating to priority veterans. Representatives of VES were to assist

sponsors in developing their program objectives, but had not done so at the sponsors we reviewed. Only one of the three Labor regions included in our review had developed formal criteria for evaluating the adequacy of sponsor's plans for serving veterans and in that case the criteria covered only title I.

At each Labor regional office, VES and CETA representatives were responsible for reviewing prime sponsors' plans and operations. VES representatives were to review plans to assess the adequacy of provisions for serving veterans, and to monitor sponsors' performance to assess veteran participation and whether sponsors were providing the required services to veterans. CETA representatives were responsible for reviewing CETA plans and operations, although their concern was with the sponsors' overall program, not just the veteran aspects.

### Plan review

Seven CETA representatives told us how they evaluated sponsors' plans for serving veterans. Two said they seldom questioned the qualitative aspects of the plans, and one said her reviews did not specifically address special consideration or veteran goals. Others commented that they looked for some statement in the plan that special consideration would be given veterans, and that goals were included for some veterans. Only one stated that she would question how special consideration would be provided.

We discussed with a VES representative in each of the three Labor regions how they evaluated the adequacy of sponsors' plans for serving veterans. The regional representative for California said he mainly checked to determine if the plans included the appropriate assurances and certifications and did not evaluate the adequacy of the plan for serving veterans. The regional representatives who reviewed the Missouri and Indiana plans said they reviewed the plans to make sure they included some veteran goals. The representative for Missouri also said he made sure the plans included a description of special consideration.

We discussed with these VES and CETA representatives how they evaluated the reasonableness of sponsors' veteran goals. Two VES representatives said they did not evaluate veteran goals. The other VES representative said he had questioned some goals as too low, but had no documentation of the instances or the results. Five of the seven CETA representatives said they did not evaluate veteran goals,

and the other two said they evaluated goals based on judgment. Most of the representatives referred to a lack of criteria for evaluating goals.

One CETA representative considered a Los Angeles goal of 5.5 percent veteran participation in its fiscal year 1977 programs adequate, based on data showing that 6.9 percent of veterans in Los Angeles were Vietnam-era veterans. We do not understand the logic of that assessment. The sponsor's plan stated that the goal was based on a State Employment Service estimate of veterans needing employment services in fiscal year 1975. However, an Employment Service official could not find any basis for the 5.5 percent, and said that the veteran unemployment rate in fiscal year 1975 was about 14 percent. Veterans also represented 14 percent of fiscal year 1976 applicants at the Los Angeles Employment Service office we reviewed.

#### Monitoring of sponsors

Labor reviews of prime sponsors' operations generally did not include an assessment of whether special consideration was being provided to priority veterans, and did not include reviews at major subgrantees. Sponsors generally had not monitored veterans' services provided by their own organizations or their subgrantees. Improved Labor and prime sponsors' monitoring of CETA program operations was needed to assure that those operating the programs provided special consideration.

VES and CETA representatives made monitoring visits to each of the six prime sponsors at least once during fiscal year 1976, and again in fiscal year 1977. About 42 percent of the monitoring reports we reviewed discussed veterans in some way, but the reports did not generally include an evaluation of whether priority veterans were receiving special consideration. Of the 59 monitoring reports reviewed, 25 discussed veterans' services. The reported findings included the following.

- The Los Angeles and Indianapolis sponsors were not listing public service job vacancies with the Employment Service 48 hours before they were filled, as required by CETA regulations. (See p. 33.)
- There was no evidence that the Kansas City sponsor's title I program was giving special consideration to veterans.

The first finding was noted during a joint VES-CETA representatives' monitoring visit. The second was noted by a CETA representative. Some CETA representatives told us that they did not devote much attention to veterans' services. A Labor region IX CETA representative said he determined whether or not veteran goals were met, but not whether priority veterans were given special consideration. A region V CETA representative said she did not usually monitor sponsors' special consideration to veterans because she believed VES adequately monitored that area.

VES representatives conducted their monitoring visits either alone or with other Labor representatives. A Labor region V official directed that CETA representatives accompany VES representatives making initial visits to prime sponsors. The Indiana VES representative reported to Labor headquarters in April 1977, that having to arrange VES schedules around those of CETA representatives caused some problems.

VES and CETA representatives also monitored sponsors' performance by reviewing quarterly reports on the number of persons served versus the number planned to have been served. The representatives determined whether the number of veterans (whatever veteran categories the sponsor designated as significant segments) served was within 15 percent of the number planned. VES and CETA representatives in regions VII and IX said they required explanations and plans of correction from the sponsors when variances exceed 15 percent.

#### Monitoring of subgrantees

Information relating to the 34 selected subgrantees showed that sponsors did very little monitoring of subgrantees' performance regarding veterans services, even though CETA regulations require prime sponsors to monitor all activities funded through their CETA grants. Where such monitoring was performed, it was often limited to periodically assessing how the subgrantees were progressing toward achieving veteran goals.

Only the Los Angeles and San Bernardino sponsors had monitored veteran services provided by the subgrantees we reviewed. Los Angeles had visited the three title I subgrantees to assess how they were progressing towards their veteran participation goals. San Bernardino's review at one title I subgrantee included a similar assessment. On the other hand, the Kansas City sponsor had not reviewed subgrantees' veteran services before our visits, but a sponsor representative later visited two title I subgrantees to determine whether they were selecting veterans first as

provided for in the plan. The representative said that one subgrantee was complying with the plan and the other was not.

The need for more monitoring of subgrantees was further demonstrated by some sponsors' comments that they generally had no information on how subgrantees treated priority veterans.

RECENT LEGISLATIVE CHANGES AFFECTING  
CETA TREATMENT OF VETERANS

Recent legislation has called for the increased participation in CETA of certain veterans. In the Youth Employment and Demonstration Act (29 U.S.C. 803, enacted August 5, 1977) the Secretary of Labor was directed to take appropriate steps to provide for the increased participation in CETA programs of disabled veterans and Vietnam-era veterans under 35 years of age. The legislation also required that prime sponsors develop local goals for the placement of such veterans in CETA job vacancies. These requirements were in addition to the 1973 legislation which required that special consideration be given to those veterans who served in Indochina or Korea on or after August 5, 1964.

The 1978 reauthorization of CETA (Pub. L. No. 95-524, October 27, 1978) retains the increased participation requirement. It also requires that the Secretary of Labor take appropriate steps which shall include employment, training, supportive services, technical assistance and training, and support of community-based veterans programs. The steps are also to include maintenance and expansion of private sector veterans employment and training initiatives and such other programs or initiatives as are necessary to serve the unique readjustment, rehabilitation, and employment needs of veterans.

In addition, the 1978 legislation requires that prime sponsors submit annual plans which include

- a description of specific services for individuals who are experiencing severe handicaps in obtaining employment including disabled and Vietnam-era veterans;
- a description of the services to be provided and the prime sponsor's performance and placement goals, including any goals established with respect to the groups identified in the Act; and

--the method for determining priorities for service under the new title II which shall be based on objective, locally established criteria including veteran status to assure service to those most in need.

With respect to all CETA programs, the Secretary is required to take special efforts to acquaint veterans with the employment and training opportunities available under CETA and to coordinate these activities with activities on behalf of veterans authorized by 38 U.S.C. 41. It is also required that prime sponsors make arrangements to promote the maximum feasible use of apprenticeship or other on-the-job training opportunities available under 38 U.S.C. 1787.

Conditions that were established for all public service employment programs retain the requirement that special consideration be given. However, the types of veterans who are to receive such special consideration has changed. For example, the veteran who served in Indochina or Korea and who is over 35 years of age is no longer designated to receive such treatment. The new legislation now requires special consideration as well as increased participation for disabled veterans and Vietnam-era veterans under 35. In addition, special emphasis is to be put on those Vietnam-era veterans who served in the Indochina Theatre from August 5, 1964, through May 7, 1975, in accordance with procedures set by the Secretary. It is further required that special attention be given to developing jobs which would utilize the skills acquired by the veterans while in the Service.

The term "Vietnam-era veterans" refers to any person under 35 years of age who served on active duty for more than 180 days, part of which occurred during the Vietnam-era and who received other than a dishonorable discharge or who was released from active duty for a service-connected disability if part of the active duty was during the Vietnam-era.

According to our analysis of the 1978 CETA legislation, prime sponsors still need special procedures for dealing with qualified disabled veterans and Vietnam-era veterans, and additional special procedures to assist veterans under 35 years of age who served in the Indochina Theatre.

## CONCLUSIONS

Special consideration to priority veterans should have resulted in their having a better chance to participate in CETA programs. Data was not available to show whether

priority veteran applicants fared better than other applicants. However, our review of sponsors' and subgrantees' operating procedures led to the conclusion that they generally did not. Labor's guidance to prime sponsors on what constitutes special consideration was inadequate. Labor's monitoring of prime sponsors was inadequate also, which contributed to veterans not receiving the special consideration implicit in CETA laws and regulations. Improved monitoring by prime sponsors of their subgrantees' operations was also needed to assure better services to veterans.

Labor needs to issue adequate guidelines on the special treatment to be given to designated categories of veterans. With the additional terms used in the 1978 CETA legislation, guidelines are even more necessary than under the 1973 legislation. Such guidelines will assist prime sponsors to understand what is expected from them and they will also assist Labor staff to adequately review the approaches set out in the prime sponsors' plans and to effectively monitor the actual practices employed by such prime sponsors.

#### RECOMMENDATIONS

We recommend that the Secretary of Labor take appropriate action to

- establish guidelines on the special treatment to be given to the various categories of veterans in accordance with the new CETA legislation,
- provide guidance to sponsors on how to obtain and use planning data on the extent to which veterans in the different categories reside in their areas when the sponsors establish participation goals for any veteran category, and
- improve the quality of Labor reviews of prime sponsors' plans for serving the various categories of veterans.

We further recommend that the Secretary of Labor direct that Labor's monitoring of prime sponsors' efforts be improved by

- requiring each monitoring report to include an evaluation of whether sponsors and their subgrantees have procedures in effect which give the various categories of veterans the type of special treatment specified in the new CETA legislation and

--requiring that increased emphasis be given to evaluating the adequacy of prime sponsors' monitoring of their subgrantees' services to such veterans.

#### AGENCY COMMENTS AND OUR EVALUATION

Labor generally agreed with the focus of the above recommendations and the actions taken or planned are detailed in appendix III. (The recommendations on which Labor commented were revised slightly to recognize changes made by the 1978 CETA reauthorization legislation.) These actions, if effectively carried out, should improve services to veterans under CETA.

In a July 7, 1978, letter commenting on this report, the mayor of Los Angeles said, "We are particularly concerned that sufficient attention has not been given to providing prime sponsors with the requisite, detailed guidance on preferred or acceptable methods of giving special consideration to priority veterans. For example, we do not have a clear operational definition of what 'special consideration' means."

The mayor further stated, "We recognize that part of the problem in arriving at a workable definition stems from the lack of complete, current and accurate labor market data." He also stated that the city had recently embarked on a population employment and housing survey to acquire, among other things, more current data on those significant segments of the community including veterans identified as most in need of employment and training services. The mayor's letter further illustrates the need for effective action on our recommendations.

In a comment applicable to the entire report, Labor expressed concern that the limited number of sites covered by the report may give a misleading and exaggerated impression of the problems. Labor said that many of the problems are site-specific and related to the particular circumstances, method of implementing Federal directives, and local inter-agency relationships found in those sites.

We agree that our sample size was small in relation to the universe of over 2,400 local Employment Service offices and about 450 CETA programs. However, the locations selected did provide a fairly broad geographic distribution in large and medium size cities, and did involve 3 of the 10 Labor regions responsible for monitoring the compliance of the activities discussed. Our detailed work at these locations together with the analyses of national program data,

provides a good basis for identifying areas where the programs should be improved.

Also, some of the types of deficiencies discussed in this report have been found in other locations and reported in prior GAO reports which are referred to on pages 1, 9, and 44 of this report.

## CHAPTER 3

### DATA ON VETERAN PARTICIPATION

#### IN CETA PROGRAMS IS MISLEADING

The information Labor received from prime sponsors on veterans participating in CETA was misleading because of multiple counting of certain veterans, and counting as new enrollments those veteran participants who were transferred between titles for budgetary reasons. Labor disseminated this misleading CETA data to the Congress and the public. The management information systems of several prime sponsors did not report participant data by subgrantee; thus, data was not available for sponsors to evaluate each subgrantee's performance. The CETA management information system does not include data on applicants who were not selected for the program. Without data on all applicants, Labor and prime sponsors cannot determine the extent to which their practices result in veterans receiving a better chance to participate in CETA programs.

#### MULTIPLE COUNTING OF VETERANS

In May 1977, Labor reported to the Congress that it had enrolled 202,900 and 379,754 veterans in fiscal years 1975 and 1976, respectively, in CETA titles I, II, and VI programs. The report noted that the figures might include some double counting, although the extent was not estimated. Multiple counting resulted because Labor required prime sponsors to count (1) each veteran in as many categories as were applicable and (2) veterans, as well as nonveterans, transferred between titles II and VI as new enrollments each time they were transferred.

#### Reporting veterans in all applicable categories

The reporting system for CETA prescribed by Labor at the time of our field work included four veteran categories (1) disabled, (2) special, (3) recently separated, and (4) other. The first three categories were priority veterans to be given special consideration. Each veteran was to be reported in as many categories as apply, and a veteran qualifying for all three priority categories would be reported as an enrollment in each. Until October 1, 1976, Labor did not require an unduplicated count of all veterans enrolled and it still does not require sponsors to report an unduplicated count of those enrolled veterans who qualify under one or more of the veteran categories designated to receive special treatment.

Labor reported that 213,262 priority veterans and 379,754 total veterans were enrolled in fiscal year 1976. The priority figure is the sum of enrollments reported for each of the three priority categories, and the total veteran count is the sum of the three priority categories and the "other" category.

Our limited test of the classification of veterans in the records at three of the prime sponsors showed various degrees of double counting, with overstatements ranging from 6 to 74 percent as shown below.

<u>Sponsor</u>	<u>Number of veterans</u>	<u>Number of times counted</u>	<u>Percent overstatement</u>
Springfield	50	53	6.0
Kansas City	72	81	12.5
San Bernardino	50	87	74.0

The percentage overstatement for the Kansas City sponsor would have been higher if the subgrantees had followed program instructions and classified each veteran in as many categories as he qualified for. At five of the six Kansas City subgrantees we visited, some staff said they classified each veteran in only one category.

Transfers between titles

The number of veterans and others hired in public service jobs under titles II and VI was overstated. Participants transferred between titles for budgetary purposes were counted as new participants each time they were transferred. Precise data was not available on the extent of such overstatements, and no data was available on veteran transfers. However, Labor estimated that total enrollments were overstated by about 140,000 nationwide during fiscal year 1976 because of inter-title transfers. Considering that veterans comprised about 26 percent of titles II and VI participants in fiscal year 1976, veteran participation that year might have been overstated by about 36,000.

Six of the prime sponsors we visited had transferred participants between titles II and VI because of funding shortages. The fund shortages were due primarily to the title VI authorization expiring June 30, 1976, and the new authorization not being enacted until October 1, 1976. The participants transferred were reported as other positive terminations

in the losing title and as new enrollments in the gaining title, thus inflating overall enrollment and termination figures. Some participants were counted as new enrollments as many as three times. We discussed inter-title transfers with the six sponsors, and four sponsors gave estimates of the extent of transfers as discussed below.

<u>Sponsor</u>	<u>Estimated transfers</u>
Kansas City	About 1,000 persons were transferred from title VI to title II during July to December 1976, and about the same number were transferred back in January and February 1977.
San Bernardino	About 1,330 participants were transferred from title VI to title II at the beginning of fiscal year 1977, and about 1,280 were transferred back to title VI after February 1, 1977.
Los Angeles	About 2,500 title II participants were transferred to title VI when funding became available in February 1977.
Springfield	About 130 title VI participants were transferred to title II in July 1976, and about 120 were transferred back to title VI from February to March 1977.

The other two sponsors also had inter-title transfers, but we did not obtain estimates of the numbers.

In our report to the Congress, "More Benefits to Jobless Can be Attained in Public Service Employment," HRD-77-53, April 7, 1977, we recommended that the Secretary of Labor revise Department guidelines on reporting terminations so that data will accurately show individuals actually terminated from the programs and provide a better basis for measuring program results.

Labor instructed prime sponsors that effective October 1, 1977, inter-title transfers should be reported as separate categories under "enrollments this year" and "other positive terminations." However, information for significant segments served by the prime sponsors, as well as the quarterly information on participant characteristics, does not distinguish the new enrollee from the inter-title transfer. We believe that the type of enrollment involved should be shown in any information relating to priority and total veterans served by CETA.

## NEED FOR DATA ON ALL APPLICANTS

The CETA management information system provided data on those enrolled in the program, but lacked data on those who applied but were not selected for CETA jobs or training. Data on all applicants was needed so that Labor and prime sponsors could determine the extent to which priority veteran applicants were selected for CETA in comparison to other applicants.

Two of the Labor regions we visited, had issued guidelines to sponsors stating that the percentage of veterans enrolled should be at least the same as the percentage of veterans who applied. Also, CETA regulations require that when sponsors select participants, they should consider the extent to which veterans are available. However, none of the prime sponsors or subgrantees we reviewed compiled data on all applicants.

To comply with such guidelines and requirements, sponsors and subgrantees should maintain data on all applicants to allow them to determine the percentage of veteran and nonveteran applicants. CETA and VES representatives could also use such data in their onsite evaluations of sponsors' programs.

### Varying degrees of applicant and participant data available

Records at a few sponsor and subgrantee locations were reviewed to determine what data was available on veteran applicants and veteran participants.

At some locations, applicants who could not be served immediately were added to waiting lists that contain information such as their name, address, telephone number, job interest, and whether the applicant was a veteran. The applicant's eligibility was not determined until he/she was interviewed. This ranged from about a month to 6 to 8 months at the locations visited.

In other locations, applicants either filled out a subgrantee's regular application form that did or did not request data needed to identify veterans entitled to receive special treatment or filled out a CETA registration form that did request data needed to identify persons due special treatment. Thus, the availability of data on whether applicants were priority veterans depended on the method used at each location.

The Indianapolis sponsor had little support for the participant data reported to Labor through its management information system. The sponsor had developed an automated management information system, but because of computer and other problems, the output was not reliable. As a result, the reported data that this sponsor gave to Labor on its participants, including veterans, is questionable.

Some sponsors' management information systems do not provide participant data for each subgrantee. As a result, sponsors cannot effectively monitor the extent to which subgrantees select veteran participants. For example, the Kansas City sponsor did not have participant data for two of its largest title II and VI subgrantees. The data for subgrantees is combined with that for other subgrantees, but only the totals are included in the management information system.

### CONCLUSIONS

Labor reports on CETA veteran participants are misleading and unreliable because of

- multiple counting of participants transferred between CETA titles for budgetary purposes,
- counting veterans in as many classifications as they represent without also providing an unduplicated count of those veterans due special treatment, and
- deficiencies in prime sponsors' management information systems.

Both Labor and prime sponsors need accurate and reliable management information systems to effectively monitor and evaluate CETA employment services to all classifications of veterans.

### RECOMMENDATIONS

Accordingly, we recommend that the Secretary of Labor direct that:

- In reporting participant data, veterans be identified as new enrollments or as inter-title transfers, as applicable.
- Veteran participation reports include an unduplicated count of veterans entitled to receive special treatment.

- Regional Labor officials give emphasis to assuring that sponsors and their subgrantees have adequate support for data reported to Labor, including participant data for each subgrantee.
- Labor's requirements for the prime sponsors' records be revised to require that data be maintained on all applicants so that such data can be used to assess how well veterans entitled to special treatment are being served by CETA. Applicant data could also be used by sponsors in developing program plans and in assessing how well CETA is serving other target groups.

#### AGENCY COMMENTS AND OUR EVALUATION

Labor generally agreed with the above recommendations, stating that they would be considered in planning a redesign of the management information system for fiscal year 1980. However, all actions on the recommendations will not be implemented until sometime in the future. Since CETA has been in operation since 1974, we believe Labor should take steps to implement these recommendations as soon as possible, because the management information system is a key tool in effectively managing the CETA program.

Concerning our fourth recommendation above, Labor pointed out that its regulations already require some information to be collected on each applicant, each eligible applicant, and each participant. Beginning in fiscal year 1978 Labor required that data to be recorded for each applicant include name, and social security number; citizenship status; address; application date; and data on family size, income, labor force status, etc. This provides the information normally necessary to make a proper determination of eligibility. Once an applicant is determined eligible, detailed information on participant characteristics is recorded. However, as discussed on page 29, a significant period of time can lapse between the application being submitted and the determination of eligibility. In an activity having such a time lapse, the new Labor requirements do not offer an aid to the prime sponsor in determining the percentage that veterans entitled to special treatment represent of all persons seeking CETA assistance.

Labor also said that since large numbers of eligible and ineligible persons apply for CETA, time and cost factors must be taken into account when determining the data to be collected. Time and cost factors should be fully considered, but these factors should not increase significantly since the nec-

essary data could be obtained by requesting the applicant to fill out a few additional blocks on the application form and by tabulating the data obtained for use at the local level. In addition to providing information on how many veterans want services, this data could then be used by the prime sponsor in planning all CETA programs and for assessing whether the programs are serving the target groups most in need.

## CHAPTER 4

### MORE COOPERATION NEEDED BETWEEN CETA OPERATORS

#### AND EMPLOYMENT SERVICE OFFICES

Some CETA prime sponsors and subgrantees had not listed public service job openings with local Employment Service offices as required. In some cases where openings were listed, the employment offices considered the listings invalid or inadequate and declined to refer applicants. Prime sponsors or subgrantees did not take timely action to determine why the Employment Service was not referring applicants, nor to correct misunderstandings and problems. As a result, a major source of veteran applicants was not properly used in filling CETA vacancies. Nationwide, about 17 percent of the Employment Service's fiscal years 1976 and 1977 applicants were veterans.

The various definitions of veterans in the different Labor employment and training programs has caused confusion over which veterans are to receive preferential treatment. Both the number of and differences in CETA and Employment Service veteran classifications needlessly complicate the administration of veteran aspects of the CETA and Employment Service programs, particularly where coordination is needed between the programs.

#### LISTING OF PUBLIC SERVICE JOB VACANCIES WITH EMPLOYMENT SERVICE OFFICES

CETA regulations require that all titles II and VI public service job vacancies be listed with local Employment Service offices at least 48 hours before they are filled. The regulation in effect at the time of our field work provided that during the first 48 hours, the Employment Service was to refer only priority veterans, unless such veterans were not available. 1/

Of the 14 sponsors and subgrantees we visited that should have been listing their public service job vacancies with the Employment Service, one was not listing any vacancies, and most had not listed some vacancies. One Kansas City subgrantee, a school district, had not listed its CETA openings with the Employment Service since February 1976. The district did not advertise any CETA vacancies, but instead filled them with persons having applications in the district's regular applicant file.

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1/This requirement was changed after our field work was completed. (See p. 37.)

The Indianapolis prime sponsor sometimes notified the local Employment Service office of public service job vacancies. The San Bernardino sponsor's titles II and VI subgrantees we contacted were listing vacancies with the Employment Service, but some said they did not always do so. They said they were dissatisfied with the quality and timeliness of referrals, and that sometimes the Employment Service sent no referrals.

Employment Service response  
to public service job listings

The Employment Service offices we visited generally considered the public service job listings they received as valid, and made referrals on such orders. When they made referrals, the offices did not refer only priority veterans during the first 48 hours as required. However, in some cases, offices considered the listings to be in bad faith and did not make referrals.

Employment Service officials in the San Bernardino sponsor's area said they did not always send referrals in response to some CETA job announcements because

- CETA officials had not specifically requested that job announcements be considered job orders,
- they did not consider it practical to send referrals to civil service openings where applicants were hired from rank-order registers rather than directly from referrals, and
- past referrals have produced few veteran placements.

We did find however, that a short time before our visit, one subgrantee had told the Employment Service office that its job announcements should be considered valid job orders, and the Employment Service office had started to make referrals to this subgrantee.

Indianapolis Employment Service officials said they did not refer applicants to jobs listed by one prime sponsor because the listings did not contain the information necessary for the Employment Service to fill out a job order which is the basis for any referral. Information needed, but not provided, included the location of the vacancy, the rate of pay, working hours, etc. A prime sponsor official told us that he thought the employment office could use the list to determine if any of its veteran applicants had the qualifications needed for the CETA position. He expected to furnish the necessary information if the local office had a qualified veteran applicant.

## Employment Service referral of priority veterans

Although some Employment Service offices had referred priority veterans to CETA vacancies, they had also referred other veterans and nonveterans in the 48-hour period during which only priority veterans were to be referred. The following table shows the referrals by the Employment Service for a number of CETA job openings submitted by four of the sponsors reviewed. We were unable to obtain similar data for the other two sponsors.

Employment Service Referrals

Sponsor	Number of openings	Total		First 48 hours		
		Veterans	Non-veterans	Priority veterans (note a)	Other veterans	Non-veterans
Evansville	36	43	48	8	19	14
Kansas City	48	34	76	1	1	2
San Bernardino	27	26	45	4	3	5
Los Angeles	238	164	215	28	50	79

a/Because Employment Service records do not show all CETA veterans categories, we could not always identify all priority veterans.

## Efforts to improve Employment Service and prime sponsor cooperation

Cooperation between prime sponsors and Employment Service offices has improved in implementing the fiscal year 1977 title VI program. Labor stressed the importance of State Employment Service agency involvement in referring applicants to CETA vacancies and certifying their eligibility, and recommended that prime sponsors enter into agreements with the local employment office specifying what each would do in implementing the expanded title VI program. All six sponsors had executed such agreements, with various provisions.

The Kansas City Employment Service office established a separate pool of potential title VI applicants. Although subgrantees could recruit from other than the Employment Service, all applicants had to be certified as eligible for CETA by the Employment Service office. The Employment Service staff worked in the Springfield sponsor's office, to determine title VI applicants eligibility and refer them to job openings.

The San Bernardino sponsor assigned some of its staff to the local Employment Service office, where a centralized

applicant pool was established. The Los Angeles sponsor's agreement provided that all vacancies be filled from local Employment Service office referrals, except for about 5 percent, to be filled from civil service lists and other sources. The local employment offices in Los Angeles referred a sufficient number of veterans to enable the sponsor to meet Labor's placement goal of 35 percent veterans.

The Indianapolis prime sponsor (whose cooperation problem was discussed on p. 34) entered into an agreement in April 1977, whereby the State Employment Service would establish a centralized pool of title VI applicants, and make all referrals to title VI openings. In commenting on a draft of this report, the Indianapolis prime sponsor said the agreement with the State Employment Service had been modified and the Employment Service would make all referrals to all titles II and VI job openings. The Evansville sponsor's agreement with the Employment Service provided that the latter would create a pool of title VI applicants and be the primary referral source.

#### NEED FOR UNIFORM DEFINITIONS OF VETERANS

The various Labor employment and training programs require preferential treatment for differently defined veterans which has produced confusion over which veterans are to receive preferential treatment in each program. CETA, Employment Service, and VES officials agreed there was a need for fewer and uniform veteran classifications. Changing emphasis within the CETA program concerning the categories of veterans to be given special consideration also contributes to confusion. Appendix II lists the definitions for the various CETA and Employment Service veteran classifications.

At the time of our field work the Employment Service and CETA each had five basic veteran classifications only one of which was defined the same way. The Employment Service uses combinations of its basic classifications to establish the nine classifications used in local employment offices.

Some of the confusion in relating one program's definitions to others was illustrated at the Springfield prime sponsor, which contracted for Employment Service staff to operate the sponsor's intake facility. The contract staff used Employment Service classifications in taking applications, and then a computer program was used to convert them to CETA classifications. Our review showed that the program produced

erroneous conversions, such as classifying a veteran as "special" who did not meet the CETA criterion for that classification. Further confusion over veteran definitions was evident when the CETA referral and selection personnel we interviewed could not define the veterans who were supposed to receive special consideration.

A Missouri VES representative commented in an August 1977 memorandum to prime sponsors and Employment Service offices on the differences in veteran categories used in the two programs. He noted that a misunderstanding of the categories by sponsor or Employment Service staff could result in frustration and a denial of benefits to veterans.

Program changes and interpretations can also add to confusion. The original 1973 CETA legislation provided that one category of veterans be given special consideration and Labor's implementing regulations added two additional categories (see p. 7.) In May 1977 Labor's regulations for titles II and VI emphasized serving all veterans by setting a national goal of 35-percent veteran participation in newly created jobs under those titles. Adding to the confusion, Labor region V in its interpretation of the 35-percent goal, instructed its sponsors to set veteran goals in titles II and VI at 35 percent more than the actual rate of participation in May 1977. Under this interpretation, if the veteran participation rate as of May was 10 percent, the new goal would be only 13.5 percent. The other two Labor regions we visited stressed the 35-percent goal to their prime sponsors, without any further interpretation.

Public Law No. 95-93, enacted August 5, 1977, added another CETA veteran category, by requiring the Secretary of Labor to increase the participation rate of Vietnam-era veterans under 35 years of age in CETA programs. Labor's regulations implementing the new legislation required prime sponsors

- to give special consideration to special veterans,
- to increase participation of disabled veterans and Vietnam-era veterans under 35 years, and
- to exercise maximum efforts to design jobs and job training opportunities for recently separated veterans.

At the same time, Labor directed employment service offices to refer to CETA openings only two categories of veterans during the first 48 hours after receiving a CETA job order--

disabled veterans and Vietnam-era veterans under 35 years. This directive had the effect of eliminating the requirement of special treatment to the special veteran over 35 years of age.

The 1978 CETA legislation also dropped the special consideration requirement for veterans over 35 years who had served in the Indochina theatre. In addition, the new legislation did not provide for any special treatment for recently separated veterans.

VES representatives said there were too many veterans classifications, making it difficult to remember which classification pertained to which program. Local Employment Service office veterans representatives made similar comments.

Highly technical or narrow classifications can also present planning problems. At the time of our field work, CETA regulations required that special consideration be given to Vietnam-era veterans who actually served in Korea, Indochina, or the adjacent waters, but none of the sponsors or Labor regional offices we visited had been able to obtain data on the number of such veterans or such unemployed veterans residing in the sponsors' jurisdictions. Similar problems were encountered concerning veterans having specific percentages of disability.

#### CONCLUSIONS

Some CETA job vacancies have not been listed with the Employment Service as required, and the Employment Service has declined to refer applicants to some vacancies. Additional veterans could be referred if all vacancies were listed and treated as valid. Sponsors need to more effectively supervise subgrantees to ensure they list all vacancies, and Labor needs to better assure that local Employment Service offices are responsive to public service job listings, and that they refer only veterans that are due special treatment during the first 48 hours, except as provided for in the regulations.

The number of and differences in veteran classifications needlessly complicate the administration of veteran aspects of the CETA and Employment Service programs. Both programs emphasize serving the needs of unemployed veterans, thus, having different veteran definitions in the two programs seem unwarranted.

## RECOMMENDATIONS

We recommend that the Secretary of Labor

- direct regional Employment and Training Administration and VES officials to give increased emphasis to assuring that sponsors and their subgrantees list all public service job vacancies with the Employment Service, and that Employment Service offices be responsive to all such listings and give the required referral preference to veterans designated to receive special treatment;
- develop uniform definitions and classifications of veterans for all Labor employment and training programs; and
- where such new classifications are not consistent with those set forth in legislation, submit proposed legislation to the Congress providing for the needed changes.

## AGENCY COMMENTS AND OUR EVALUATION

Labor agreed with the above recommendations and said that checking on whether all public service job vacancies are listed with the Employment Service, and whether the priority veterans are given the required referral preference was already a part of the regular ongoing monitoring activities by both VES and regional office staff as well as periodic onsite reviews. Labor will ensure that these aspects continue to be emphasized in the conduct of its monitoring and review activities.

Labor also said that it has been attempting to simplify veteran definitions and that it will continue attempts to resolve the problem through both administrative action and Departmental input to the legislative process.

## CHAPTER 5

### EMPLOYMENT SERVICE SHOULD PROVIDE

#### BETTER SERVICES TO VETERANS

Although many veterans have benefited from using the Employment Service, improvements are needed in providing preferential services to veterans. Local Employment Service officials stated that as a matter of practicality, their first priority was to serve all applicants waiting in the office, and then as time permits to provide services to veterans who have filed applications.

Although preferential treatment was given to veteran applicants in some cases, Labor's performance standards for serving veterans were not always met, qualified veterans were not referred to jobs or training before nonveterans, and many veterans received no reportable employment services whatsoever. Staff employed specifically to serve disabled veterans were used to perform other duties, and a plan for local Employment Service offices to become involved in identifying and making referrals to the Veterans Administration (VA) on-the-job training program vacancies has not been effectively implemented.

Veterans receiving unemployment compensation for ex-servicemen generally received more employment services from local Employment Service offices than did regular unemployment insurance recipients. Even so, only 27 percent of those in our sample who received unemployment compensation for ex-servicemen had been referred by the Employment Service to jobs or training.

Department of Labor representatives have monitored local Employment Service offices' performance and reported that veteran applicants fared a little better than nonveterans. In some cases, Labor's monitoring efforts contributed to improved services to veterans: two of the six employment offices we reviewed fully met performance standards for fiscal year 1977, whereas none were met the year before. The need for increased monitoring and better performance is evidenced by the fact that, nationally, standards were not met for fiscal year 1977, and 44.3 percent of the veteran applicants did not receive a reportable service that year.

Labor regulations state that the Employment Service is to give veterans priority services by

- referring qualified veterans before nonveterans to job openings,
- providing veterans priority in counseling and testing,

--reviewing veterans' applications every 30 days to determine whether there was a need for further employment services, and

--not inactivating veterans' applications without first determining that such action is warranted by evidence such as placement in a job, or notice that the applicant has moved out of the local employment office's jurisdiction.

INCREASED EFFORTS NEEDED TO MEET  
VETERANS' SERVICE PERFORMANCE STANDARDS

The Vietnam-Era Veterans' Readjustment Assistance Act of 1974 required the Secretary of Labor to establish performance standards for serving veterans. The standards in effect for fiscal years 1976 and 1977 required the Employment Service to (1) place veteran applicants in jobs and training at a rate 10 percent greater (1.10) than the rate for all applicants and (2) place handicapped veterans 1/ at a rate 20 percent greater (1.20) than the rate for all applicants. For example, if an office placed 30 percent of its total applicants in jobs, it would have to place 33 and 36 percent of its veteran and handicapped veteran applicants, respectively. Labor developed new standards for fiscal year 1978, which are described on page 57.

The following table shows (1) the fiscal year 1976 and 1977 placement standards and (2) the actual performance indicators nationwide and for the three States and six local Employment Service offices we visited. Numerical indicators less than the Labor standards show that standards were not met and indicators below 1.00 show that veterans did not fare as well as applicants as a whole.

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1/Handicapped veterans, a classification that includes disabled veterans, was used for this performance standard.

Comparison of Veterans Placement Standards  
With Actual Performance

	<u>Veterans</u>		<u>Handicapped veterans</u>	
	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1976</u>	<u>FY 1977</u>
Labor placement standard	1.10	1.10	1.20	1.20
Actual performance				
nationwide	.98	1.04	.98	1.06
Indiana	.82	.97	.87	1.02
Indianapolis <u>1/</u>	.97	1.06	.88	.97
Evansville	1.02	1.20	1.22	1.65
Missouri	.97	1.19	.91	1.16
Kansas City	.88	1.06	.82	.91
Springfield	1.03	1.23	.94	1.33
California	.95	1.02	.78	.87
Los Angeles	.89	.94	.92	.97
San Bernardino	1.20	1.20	.82	.95

1/The Indianapolis office is a consolidation of two offices-- one office for commercial and professional positions and another for industrial and service positions.

The above data shows that although the Employment Service has improved its rate of veteran placements, the fiscal year 1977 national rate was still below Labor placement standards. Handicapped veterans fared better than other veterans, but again not up to placement standards.

The Employment Service has only indirect control over placements because employers decide who they will hire. However, the Employment Service can enhance veteran placements by referring qualified veteran applicants to the extent they are available. During fiscal years 1976 and 1977, veteran applicants fared slightly better than nonveterans in obtaining job referrals nationwide and in the three States we reviewed.

QUALIFIED VETERAN APPLICANTS NOT REFERRED  
TO OPENINGS BEFORE NONVETERANS

Because local Employment Service offices gave first priority to serving walk-in clients, they did not generally search application files to identify qualified veteran applicants and refer them to jobs first. Such file searches were generally made on an as-time-permits basis only. As a result, nonveterans were referred ahead of or instead of veterans, rather than in the following sequence required by Labor regulations

- special disabled veterans,
- Vietnam-era veterans,
- other disabled veterans,
- all other veterans and eligible persons, 1/ and
- nonveterans.

Local Employment Service office officials acknowledged they did not follow the prescribed referral priorities, and our review of a number of job orders at each office showed there were applications of qualified veterans on file who were not referred to jobs that either were filled by nonveterans or that were closed unfilled.

Twenty recently closed job orders at each of the six Employment Service offices were reviewed to determine whether qualified veterans were referred and, if referred, whether they were referred before nonveterans. Some job orders covered more than one job opening. Generally, orders were selected in occupational areas for which veteran applicants were available, and where a nonveteran had been hired or where there was an unfilled opening. Additional qualified veterans who had applications in the active file at the time the job orders were received, should have been referred. Local office staff agreed in each case that the veteran should have been referred. The following table shows the results by local office.

<u>Local office</u>	<u>Number of job openings</u>	<u>Number referred</u>		<u>Potentially qualified additional veterans</u>
		<u>Veteran</u>	<u>Non-veteran</u>	
Indianapolis	49	34	87	60
Evansville	58	41	131	70
Kansas City	37	46	69	73
Springfield	24	16	33	36
Los Angeles	29	6	39	28
San Bernardino	<u>37</u>	<u>55</u>	<u>82</u>	<u>42</u>
Total	<u>234</u>	<u>198</u>	<u>441</u>	<u>309</u>

1/Eligible persons are mothers and spouses of certain deceased, disabled, or missing-in-action veterans.

The Employment Service offices had referred nonveterans before available veterans on 52 of the job openings, and had not referred any veterans to 81 openings. We found additional veteran applicants which had not been referred for all but 7 of the 234 total openings reviewed.

#### Limited file search

One regional Veterans Employment Service (VES) representative stated that the lack of an intensive, regular, ongoing file search, and call-in program for veterans is a major, if not the major, reason for lack of veteran preference. The search of veterans' application files was inadequate at all of the local offices reviewed. Local officials gave the following reasons

- attempts to contact veterans identified through file searches were not productive--few are referred and even fewer hired,
- insufficient staff,
- employers want job orders filled as soon as possible, and file searches and the resulting efforts to contact the applicant take time, and
- insufficient time to make file searches after serving walk-in clients.

Performing file searches for qualified veteran applicants increases the number of veterans referred to jobs, but it is not the most efficient way of making referrals. We reported to the Congress in February 1977, 1/ from an overall rather than a veteran service perspective, that file searching is relatively unproductive in filling job orders compared to referring walk-ins. For example, while we were visiting the San Bernardino office, 97 attempts were made during a 1-week period to contact 60 different veterans who had been selected through a file search for possible referral. As a result of the 97 attempts, only 12 veterans were referred to employers and only 1 was hired. The Kansas City office was successful in only 15 percent of the attempts it made to contact applicants for jobs during 1976.

Local Employment Service office officials said that walk ins are the most productive referral source because the

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1/"The Employment Service--Problems and Opportunities For Improvement" (HRD-76-169, Feb. 22, 1977).

applicants are interested in being referred, often screen themselves against job requirements, are probably qualified, and are immediately referable to an employer.

Because of the apparent advantage a walk-in client has, we made a limited test in the six local Employment Service offices to determine whether veteran applicants were proportionately represented among the walk ins. This test would also give a good indication as to whether veterans were actively seeking jobs. The tests at four offices covered a 5-day work week; in Los Angeles, the test was of 1-day's activity, and in Kansas City the test was over 10 work days. At all offices, the percentage of walk-in activity represented by veterans was about the same as the percentage of veteran applicants in the offices' files. Veteran applicants could enhance their chances of obtaining job referrals by frequently visiting the employment offices, rather than waiting for the offices to contact them.

SERVICES PROVIDED TO RECIPIENTS OF  
UNEMPLOYMENT COMPENSATION FOR EX-SERVICEMEN (UCX)

The Chairman of the Senate Committee on Veterans' Affairs requested that we examine the extent to which the Employment Service provided services to recipients of UCX benefits. We agreed to provide comparative data on employment services and other factors concerning UCX recipients and regular unemployment insurance program recipients. Our review showed that although a slightly lower percentage of UCX recipients registered with Employment Service offices than did regular recipients, UCX recipients generally received more employment services. UCX recipients also collected slightly higher weekly benefits, were younger, somewhat better educated, and predominantly males.

UCX is financed by the Federal Government, unlike regular unemployment insurance benefits, which are funded through employer taxes. Labor's report of nationwide data on UCX benefits for fiscal years 1975 through 1977 are shown in the following table.

	Fiscal Year			
	<u>1975</u>	<u>1976</u>	<u>Transition quarter</u>	<u>1977</u>
Benefits (in millions)	\$ 360.5	\$ 415.7	\$ 96.0	\$ 365.4
Average annual benefits	1,320	1,385	1,246	1,434
Average weekly benefits	70	77	80	83

### UCX recipients collect higher benefits

On a nationwide basis, UCX recipients in fiscal year 1976 collected average weekly benefits of \$77, compared to \$72 for regular unemployment insurance recipients.

We obtained comparative UCX and regular unemployment insurance benefits data in the six cities reviewed. A random sample was selected of UCX and regular payments made during one week by the unemployment insurance office serving the Employment Service office that we reviewed in each city. Where the number of UCX payments was less than 200 during the week, we selected all such payments. Indiana was the only one of the three States reviewed where the maximum benefit varied with the number of a recipient's dependents. Accordingly, we considered the number of dependents in determining whether each Indiana recipient sampled was receiving the maximum benefit.

Our examination of payment records of samples of 728 UCX and 1,679 regular unemployment insurance recipients showed that a substantially higher percentage of UCX recipients in 4 of the 6 cities were collecting the maximum benefit than regular recipients. The following table shows a comparison of UCX and regular unemployment benefits in the six locations.

<u>Office location</u>	<u>Maximum weekly benefit</u>	<u>Percent receiving maximum benefit</u>		<u>Average weekly benefit</u>	
		<u>UCX</u>	<u>Regular</u>	<u>UCX</u>	<u>Regular</u>
Indianapolis	a/\$115	51	36	\$71.34	\$69.65
Evansville	a/ 115	69	40	72.47	68.79
Kansas City	85	86	55	84.55	72.64
Springfield	85	87	57	84.62	73.86
Los Angeles	104	2	9	71.23	66.56
San Bernardino	104	b/18	b/22	81.28	71.91

a/The Indiana maximum ranges from \$69 for a single person to \$115 for a person with more than three dependents.

b/The difference is not statistically significant at the 95-percent confidence level.

The average weekly benefits received by UCX recipients were higher in all six cities than the benefits received by regular recipients. In 5 of the cities, UCX payments were made on the average, for 3 to 5 weeks longer than regular payments. In the sixth city, the average payment period was the

same. According to nationwide data UCX recipients remained on unemployment in fiscal year 1977, four weeks longer than regular recipients.

#### Recipients' characteristics in the sample

Our analysis of characteristics of recipients in the sample for the six cities showed differences in UCX and regular recipients' age, education, race, and sex. The average age of UCX recipients was 30 years, or 10 years younger than regular recipients. Eighty-one percent of the UCX recipients had completed high school, compared to 64 percent of the regular recipients. The white, nonwhite differences varied significantly by city, with the percentage of nonwhites ranging from 4 percent in Springfield to 91 percent in Los Angeles for UCX, and 1 percent to 86 percent in the same cities for regular recipients. Ninety-five percent of UCX recipients were male compared to 62 percent of regular recipients.

#### Recipients registered with and served by the Employment Service

A substantial percent of both UCX and regular recipients sampled had registered with local Employment Service offices, but according to Employment Service records, only 46 percent of UCX recipients and 29 percent of regular recipients had received any reportable services. 1/ Out of a sample of 728 UCX recipients, 70 percent had registered with the Employment Service, compared to 77 percent of the 1,679 regular recipients.

The following table shows the percent of registered recipients in the samples who received certain types of employment services. Those persons who received more than one type of service are counted in each category of service received.

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1/A reportable service is an activity reported through the Employment Service data system such as counseling, testing, enrollment, referral, etc. A reportable service does not reflect unreported employment services, such as provision of labor market information, registration for unemployment compensation benefits, file search, or call-ins for job referral.

City	Percent of registered recipients receiving					
	Job referrals		Counseling		Other services	
	UCX	Regular	UCX	Regular	UCX	Regular
Indianapolis	<u>a/33</u>	<u>a/16</u>	4	2	11	8
Evansville	<u>a/41</u>	<u>a/21</u>	<u>a/41</u>	<u>a/3</u>	<u>a/14</u>	<u>a/2</u>
Kansas City	21	14	0	1	6	7
Springfield	27	17	7	5	20	26
Los Angeles	22	21	5	2	6	5
San Bernardino	<u>a/30</u>	<u>a/20</u>	<u>a/13</u>	<u>a/3</u>	<u>b/8</u>	<u>b/3</u>

a/The difference between UCX and regular percentages is statistically significant at the 95-percent confidence level.

b/The difference between UCX and regular percentages is statistically significant at the 90-percent confidence level.

Statistical tests of the differences between UCX and regular groups showed that some differences were statistically significant, as indicated. Other differences might have been by chance; that is, some differences might be due to our comparing samples rather than the complete populations.

Based on results for the entire sample, 27 percent of registered UCX recipients received job referrals compared to 18 percent for regular recipients. Both percentages were below the 36-percent nationwide referral rate the Employment Service reportedly experienced during fiscal year 1976.

We did not determine why more UCX recipients did not receive employment services, but the limited extent of local office file searches discussed earlier in this chapter would be one factor. Another factor might be the lax enforcement of the legislative requirement that recipients be able, available, and willing to work. We reported that problem to the Congress in a February 1977 report (see footnote p. 44) and again in 1978. 1/

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1/"Unemployment Insurance--Need to Reduce Unequal Treatment of Claimants and Improve Benefit Payment Controls and Tax Collections" (HRD-78-1, Apr. 5, 1978).

DISABLED VETERANS OUTREACH PROGRAM  
USED FOR OTHER THAN INTENDED PURPOSES

At some of the local Employment Service offices we reviewed, staff hired under Labor's Disabled Veterans Outreach Program were performing regular Employment Service duties. Although the staff members were providing some services to disabled veterans, they were also performing routine file search, job referral, and other services to nondisabled veterans, and in some cases to nonveterans. The services they provided to nondisabled veterans were beneficial. However, the program was established to provide increased employment services for disabled veterans, rather than to provide local offices with additional staff for carrying out their regular responsibilities for serving veterans and other applicants.

Program development and guidelines

The Disabled Veterans Outreach Program was one of the Presidential initiatives announced by the Secretary of Labor in January 1977, to promote employment opportunities for disabled veterans. In a February 1977 news release concerning the Secretary's announcement of the Disabled Veterans Outreach Program, the task of the program's staff was described as one of

"\* \* \* seeking out eligible disabled veterans and assisting local public employment service staffs in providing services to which disabled veterans are entitled. In addition, the Disabled Veterans Outreach Program staff will assist in the development of private sector jobs for the disabled veterans."

The program was to employ about 2,000 disabled Vietnam-era veterans in local Employment Service offices to provide intensive outreach, job development, and placement services to disabled veterans. The goal of the program was to place 40,000 disabled veterans in jobs or training by the end of fiscal year 1978. The program was planned to end September 30, 1978. However, Labor extended the program through fiscal year 1982.

In setting forth the responsibilities of the program staff, Labor's regulations required that the staff be given duties related to the placement of all veterans not just disabled veterans. However, Labor emphasized

that the staff should perform intensive outreach for disabled veterans, screen local employment office applicant files to identify disabled veterans who could be referred to jobs or training, and contact employers to encourage them to hire and train disabled veterans. Labor also stressed that the disabled veteran program staff was to provide services beyond local employment offices' regular services. Specifically, Labor headquarters in a Field Memorandum dated March 30, 1977, advised its regional administrators that:

"The personnel hired through DVOP (Disabled Veterans Outreach Program) will augment local office staff and operations. The activities and accomplishments of this staff are to be in addition to the SESA's (State Employment Service Agency) on-going responsibilities for services to veterans according to the Code of Federal Regulations."

Disabled veterans program staff  
perform regular staff duties

Disabled veterans program staff at the five local Employment Service offices where we reviewed their activity were also performing duties which were already the responsibility of regular office staff. We were unable to review the program in San Bernardino because it was not underway when we completed our fieldwork there in May 1977. Most of the other offices had some staff on board for this program although not all authorized positions were filled. In Indianapolis and Evansville, 12 of the 15 total authorized positions were filled; in Kansas City and Springfield, 2 of 3 authorized positions were filled.

The Indiana State Employment Service provided its local offices with guidelines that allowed the offices to use the disabled veterans program staff for providing regular services to nondisabled veterans. As a result, the Indianapolis and Evansville disabled veterans program staff was performing outreach, file search, job referral, and application review for all veteran applicants. Although the staff served disabled veterans, most of the services were to other veterans. As of the end of August 1977, the program staff had made about 900 referrals or call-ins, about 68 percent of which involved nondisabled veterans. About 64 percent of the resulting placements also involved nondisabled veterans. The Indianapolis disabled veterans program staff also performed the office's regular duties of contacting veterans to determine whether they still required service before their applications were removed from the active application file. About 47 percent of the contacts involved nondisabled veterans.

The Los Angeles disabled veterans program staff expressed dissatisfaction to us with being used extensively to perform regular employment service duties rather than providing the intended services to disabled veterans. A VES representative met with 14 disabled veterans program staff members in August 1977, and found that none believed they were being used properly. The staff members commented that they were assigned too long--3 to 4 months--to learning office procedures, and were sometimes assigned regular staff duties, including a week spent taking applications for jobs at a new hotel. The staff said that confusion and disagreement existed over which veterans should be served. One staff member said he believed the staff should serve all disabled veterans, and another said the State had instructed the staff to concentrate on disabled Vietnam-era veterans. One Labor official instructed the disabled veterans program staff to concentrate on all Vietnam-era veterans, and another said they should provide services to all veterans.

The Springfield local Employment Service office was using its disabled veterans program staff member for providing regular employment services to veterans. All disabled and recently separated veteran applicants were referred to him. He performed job development for all veterans, did file searches to locate veteran applicants for the CETA program, and planned to perform local office duties concerning a follow-up program on VA's on-the-job training program. He had performed some disabled veteran outreach, but the State Employment Service directed that all such outreach be discontinued until all veteran applicants on file had been provided with some positive service.

The Kansas City local office program staff member had been devoting about 80 percent of his time to disabled veterans and the other 20 percent to other veterans, according to the staff member's supervisor.

LITTLE PROGRESS MADE TO BETTER  
USE VA'S ON-THE-JOB TRAINING PROGRAM

Under the VA on-the-job training program, the Federal Government pays a stipend to eligible veterans enrolled in an approved on-the-job training program conducted by a private employer. Efforts by the Employment Service and VA have resulted in little improvement in the administration and use of the program. This lack of progress is the result of the low priority given this program by Federal, State, and local representatives.

In 1975, we reported to the Chairman, Senate Committee on Veterans' Affairs 1/ that neither VA nor VES had established procedures to systematically recontact previously approved employers to identify available training positions. We recommended that the following action be taken.

--The Administrator of Veterans' Affairs require that each of the VA regional offices periodically notify the appropriate VES representative of all employers in the area who currently have approved on-the-job training programs for veterans.

--The Secretary of Labor require VES to contact and periodically recontact approved employers to determine their need for trainees.

In response to our recommendations, the two agencies reached an agreement in 1975 on the method to implement corrective action. The basic features of the agreements are described below.

#### VA Implementation

1. Va will establish local procedures to effect periodic VA followup with on-the-job employers to determine their need for trainees, to confirm the type of programs approved, and to ascertain the actual status of these programs as being active or inactive.
2. An update to a VA listing of employers with approved programs will be prepared by VA quarterly. One copy will be provided to the State Veterans Employment representative of the State(s) in that region.

#### Veterans Employment Service Implementation

1. Employment Service Personnel will screen the VA listing of employers, noting the local Employment Service office in whose geographical area the employer is located.
2. Individual local office lists of employers will be developed and disseminated to local office veterans employment representatives.

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1/Report on Veterans' Administration On-the-Job Training Program (B-178741, July 9, 1975).

3. The local offices will contact and periodically recontact approved employers in their jurisdictions to follow up the VA determination of employment needs for on-the-job trainees and initiate action to place veterans in the programs.
4. The State Veterans Employment representative will monitor the local office operation to assure full effectiveness of the coordinated program.
5. The regional Veterans Employment representative will have the VES overall monitoring responsibility for the implementation of this program within his region.

Subsequent to this 1975 agreement, VA and VES determined that the VA listings of employers with approved on-the-job programs for veterans were not being maintained on a current basis. Accordingly, in July 1976, VA and Labor agreed that State Employment Service agencies would be requested to collect data from approved employers and provide a listing to VA of those employers that should be deleted from the listing. Some of the new tasks to be performed by the local Employment Service offices were

- comparing the new VA listings with the previous VA listings available to local offices to determine that all employers listed are currently active according to local Employment Service office records or through telephone verification,
- notifying the State Employment Service agency central office each month of those employers to be deleted from the list, and
- turning the information over to the State Veterans Employment representative to be forwarded to the appropriate VA regional office to update the VA list.

#### Extent of progress

Although more than 1 year had lapsed since the initial Labor-VA agreement, as of March 1977, VES representatives in California and Missouri had not forwarded the VA lists to local offices. Reasons offered for this lack of action were that (1) the lists received from VA were not listed in a zip code or local office sequence and (2) the lists were not up to date. Since the 1976 Labor-VA agreement acknowledged the latter reason and set up procedures

for the Employment Service to update the listing, we do not know why the VES representatives considered this a valid reason for holding up the distribution of the list. The VA listing for Indiana was not given to the Indiana VES representative.

In the three States we reviewed, most of the VES representatives that expressed an opinion on the on-the-job training program indicated that (1) it was a low-priority program for them and (2) updating the lists required substantial staff time.

### Missouri

By September 1977, the State VES representative in Missouri had obtained a list in zip code sequence and had made distribution to local offices. However, the State VES representative had not requested--and had not received--any local office feedback to assist with the updating of the VA list. The State VES representative had not requested feedback from local offices because a VA regional official had told him that feedback was not necessary.

### California

The State VES representative in California had done little to implement the program until January 1977, when the VES director instructed him to implement the agreements fully without delay. In May 1977, the State VES representative sent the local Employment Service offices a listing of approved on-the-job training employers although the list was not the VA-prepared listing. The State VES representative said he did not send the VA listing, because it was outdated, contained inaccurate data, and was in a sequence that local offices could not easily use.

The listing that was sent was published by the State agency that approves the employers for VA's on-the-job training programs in California. The State agency should also (1) periodically determine whether employers may retain their approved status and (2) provide VA data on when it gives and withdraws approval of employers' programs. The State agency periodically publishes a listing of approved employers that is provided to the State Employment Service. A similar listing by a State agency was also available in Missouri and Indiana. However, this listing also had deficiencies. Local office staff in Los Angeles who had worked with the State listing had reported to the State VES representative that (1) the listing did not provide either employer's address or zip code and (2) when a multilocation

employer was involved, no information was given on where the hiring was done--at a central location or at each location.

Working with the listing sent in May 1977, the two offices we reviewed in California had achieved the following results.

Los Angeles Employment Service office

The office had received a list of 88 employers and found

--12 employers had moved from the area, had gone out of business, were not within local office jurisdiction, etc.;

--5 employers currently had trainees; and

--71 indicated either no interest in the program or only wanted information.

San Bernardino Employment Service office

The office received a list of 146 employers and as of late May 1977, had found that 21 employers had moved or gone out of business. The office had not started to contact the remaining employers on the list.

Both California local offices were reporting the results of their use of the list to the State VES representative, but at the time of our fieldwork, he was not forwarding the information to VA. Consequently, the VA listing was not being updated to delete employers who had gone out of business, or to recognize changes in the location of businesses, etc.

Indiana

The State VES representative in Indiana had not received any listing from VA, but had forwarded to local Employment Service offices the monthly listings on the approved on-the-job training employers as prepared by an Indiana State agency.

In our discussions with a local veterans employment representative in Indianapolis, he told us that he had very little time to work with the lists he received. The data at both the Evansville and Indianapolis local offices

was incomplete so we were unable to determine the results that had been attained with the employers contacted.

The State VES representative said his only feedback on results would be the monthly activity report of the local veterans employment representatives. One local veterans employment representative said that he did not forward to the State VES representative, the results of any contacts made. Thus, the State VES representative is not receiving information from all local veterans employment representatives on the status of the employers listed by the State agency. This data should be obtained and forwarded to the State agency preparing the list to aid in maintaining the list on a current basis.

In our discussion with a VA regional official for Indiana, we were told that VA does not submit its listing of approved on-the-job training employers because it would just duplicate the listing prepared by the State agency now supplying such a list. In commenting on a draft of this report the VA Administrator said that the VA regional office now sends the VA list directly to the State VES representative.

#### LABOR'S EFFORTS TO IMPROVE SERVICES TO VETERANS

Labor's efforts to improve State Employment Service agencies' services to veterans have been carried out primarily through monitoring statewide and local office performance. Labor revised the fiscal year 1978 performance standards for services to veterans. Whereas the previous standards covered only placement of veterans in jobs, the revised standards cover more types of services and provide new measurements for both the basic level of services and the degree of preference provided to veterans.

#### Monitoring of State and local office performance

VES is responsible for monitoring State Employment Service agencies' services to veterans, and to a large degree does so by reviewing monthly data on the services provided both statewide and by each local office. VES representatives also make onsite evaluations.

As noted on page 42, none of the six local Employment Service offices we reviewed met the veteran placement standards for veterans and disabled veterans in fiscal year 1976. Although all of the offices improved their performance in fiscal year 1977, several of them did not meet the veterans

or disabled veterans placement standards. The improvement may have been due in part to VES' monitoring of the performance and discussing it with local office officials. However the State VES representatives told us they had not filed any formal complaints of noncompliance. One State assistant VES representative noted in a January 1977 evaluation report that the Los Angeles office should develop a plan of action to improve services to veterans. The regional VES representative planned to recommend that this be done state-wide in California, but never got beyond preparing a draft. He told us that statewide performance improved and he decided not to pursue the matter. The need to increase veteran placements was discussed in a January 1976 VES evaluation of the Kansas City local office, and also in a June 1977 VES evaluation of the Indianapolis local office.

### Revised performance standards more comprehensive

Effective October 1, 1977, Labor revised its performance standards for serving veterans to make veteran/nonveteran comparisons more realistic and to include additional performance factors. To make comparisons more realistic, services to veterans are compared to services to nonveteran males over 19, rather than to all nonveterans as previously done.

The previous standards measured only placements. The new standards include other elements of performance--counseling, enrollment in training, job development, percent of applicants given some service, and placements in mandatory listed jobs. The old standards required that a higher level of placement services be provided to veterans than nonveterans, but did not specify a minimum level. For example, an office placing only 3 percent of all applicants and 3.3 percent of all veterans would have been in compliance with the standard whereby an office placing 20 percent of all applicants and 19 percent of all veterans would not have been in compliance. The new standards involve two new measures of performance. First, a minimum level of various type services to veterans must be met and second, the percentage of veterans receiving the various services must be higher, by specific percentages, than the percentage of nonveterans receiving the same services. Labor estimated that had the new standards been in effect during fiscal year 1976, only 23 States would have met them.

The October 1977 regulations were subsequently revised in March 1978 to respond to the unfavorable comments received from State agencies on the earlier regulations. The March 1978 regulations still use the basic approach established

by the October 1977 regulations and were to be used to measure performance in fiscal year 1978.

### CONCLUSIONS

Many veterans seeking employment through the Employment Service are referred to jobs or training, but veterans do not always receive the preferential treatment in the referral process mandated in Labor regulations. The practical need for local offices to serve all applicants who are waiting in the offices conflicts with requirements that qualified veteran applicants be referred to jobs or training before other applicants.

Considering the advantages a walk-in applicant has, local offices should encourage veterans to visit the office frequently, and make sure they are aware of how much visiting can increase the likelihood of being referred to a job.

Veterans receiving UCX appear to fare better than persons receiving regular unemployment benefits in that they receive higher weekly benefits and more employment services including referrals, than regular recipients. Even so, the percentage of UCX recipients in our sample in the six cities that had been referred to jobs by local employment offices ranged from 21 to 41 percent of those registered.

The effectiveness of the Disabled Veterans Outreach Program has been limited by State Employment Service agencies and their local offices using the program staff to serve other than disabled veterans. Labor directives do not restrict the disabled veterans program staff from serving other than disabled veterans. However, the program as originally announced, was intended to provide additional services to disabled veterans, and was not to be a source of additional staff to carry out regular Employment Service responsibilities. Some local offices have used the staff for the latter purpose. The Employment Service needs to take prompt action to assure that the program staff serves only disabled veterans.

The Employment Service has not made much progress in implementing the 1975 and 1976 agreements pertaining to VA's on-the-job training program. The purpose of the agreements was to make the program viable. But the agreement provisions are essentially not being carried out and might not be manageable. The Department of Labor and VA representatives should examine the agreement provisions and make the necessary revisions to establish procedures that are efficient and effective.

Although Labor representatives, particularly those of VES, monitor State Employment Service offices' services to veterans, such monitoring needs to be improved to assure that the intended preferential services are provided to veterans. The need for better and more effective monitoring is evidenced by the questionable use of disabled veterans program staff, placement standards not being met, and the limited amount of file searches.

#### RECOMMENDATIONS

We recommend that the Secretary of Labor

- give increased emphasis to provide preferential services to veterans by having local Employment Service offices make a concerted effort to alert veterans of the advantages of visiting local offices frequently;
- assure that, as long as the Disabled Veterans Outreach Program is in existence, local offices use Disabled Veterans Outreach Program staff to serve mainly disabled veterans; and
- renegotiate an agreement with VA for its on-the-job training program to establish a system which can be efficiently and effectively implemented.

#### AGENCY COMMENTS AND OUR EVALUATION

Labor disagreed with our recommendation to alert veterans to the advantages of visiting the local office frequently because of

- the cost to the veteran in coming to the office,
- the increased workload on the local office to handle more walk-in traffic, and
- the difficulty in giving veterans their required preference and referral priorities under such conditions.

Labor stated that a more efficient manner of dealing with the problem would be through improved file search--manual or computerized.

In its response, Labor has disregarded several problems pertaining to file searches. Two of the problems are discussed on page 44 of this report, namely

--the position of local officials that they do not have sufficient staff to do adequate file searches because available staff is handling walk-in traffic and

--the low percentage of referrals resulting from the file searches done because of the inability of the local office to contact the applicants.

In our February 1977 report (see footnote p. 44), we discussed the Employment Service's Job Information Service which is a technique whereby an applicant reviews job openings and requests referral to the job opening he selects without an extensive interview and registration process. Offices using a job information service system usually make available to interested applicants a display of available job listings on bulletin boards or TV-like viewers. The applicants screen the job listings and determine if their qualifications and interests match the job order. Employment Service interviewers review the applicants' selections, and if the applicants meet the necessary qualifications, they are referred to employers. By using this method, the interviewers usually save time in matching applicants to jobs.

A mail survey and follow-up telephone survey performed in August 1975 by a contractor for Labor showed that about 1,000 of the approximately 2,400 Employment Service offices had some type of a job information service. In our February 1977 report, we recommended that the Secretary of Labor identify offices which could improve their performance by implementing a job information service and encourage them to establish such systems.

If local offices had a job information service available, the increase in walk-in traffic resulting from encouraging veterans to visit the office frequently would not have the detrimental impact suggested by Labor.

Labor, in commenting on our recommendation concerning the Disabled Veterans Outreach Program, acknowledged that there had been problems in the use of disabled program staff, but said that some of the staff in the offices we reviewed may have been performing regular employment service duties as a part of their training. Labor said that our recommendation had been fully implemented by monitoring procedures which are now in place. Labor pointed out that the program is designed to assist all veterans with emphasis on disabled veterans. Since the establishment of monitoring procedures does not assure that such procedures will be effectively implemented and our review showed that monitoring was weak in many areas, effective action to enforce monitoring procedures is needed.

Both the Department of Labor and VA acknowledged problems in implementing VA's on-the-job training program and both indicated the existing agreement will be reexamined. (See app. IV for the comments by VA.) VA said that Labor had recently made a survey of the use of VA's listing of employers having approved on-the-job training programs for veterans. Of the 48 States responding, 46 had received the listing provided by VA, but only 25 States used the listing. Of these 25, 18 were providing VA with updated information. Labor said that before renegotiating the agreement, it wanted to reexamine both the program itself and the implementation procedures because of the problems involved.

Labor commented that we had not reflected some significant changes which were the result of special emphasis on veterans. For example, the placements of all veterans increased 21 percent between the first half of fiscal year 1977 and the first half of fiscal year 1978, while the placements of disabled veterans increased by 44 percent during the same period. However, we noted that the Employment Service had a 22-percent increase in all reported placements for the period cited. Although the 44-percent increase represents a significant increase percentagewise, the number of disabled veterans placed in the first half of fiscal year 1978 was about 25,600; an increase of 7,400 over the number of disabled veterans placed in the first half of fiscal year 1977.

Labor was also unable to verify the figures we show on page 42 relating to veteran performance standards. In discussing the problem with Labor, we found that Labor (1) used the 12-month period for fiscal year 1976, while we included the transition quarter and (2) used a different data base than we used. We developed the performance indicators for the nationwide programs and for the three States for fiscal year 1976, including the transition quarter, and fiscal year 1977. Using Labor's data base, a small variance was found with the figures we show on page 42. However, none of the figures changed enough to change the compliance of any State or the nationwide results. The data base we used was used for other tables presented in this report, and for consistency of information, we have not changed to Labor's data base.

## CHAPTER 6

### MANDATORY JOB LISTING PROGRAM

#### NEEDS TO BE MORE EFFECTIVELY ADMINISTERED

The mandatory job listing program has been only partially effective in providing employment opportunities to veterans. Its effectiveness has been limited because of problems in identifying contractors and subcontractors that are subject to job listing requirements, and the lack of aggressive Employment Service efforts to identify and report to enforcement officials in Labor those contractors not listing their job openings with the Employment Service.

The Department of Labor implemented a system in 1973 to identify covered prime contractors, but the system does not always provide the needed data nor provide it in a timely manner. Neither Labor nor the States reviewed had developed a system for identifying covered subcontractors.

Employers subject to mandatory job listing are required to list job openings and report their hiring activity to local Employment Service offices, but they have not always done so. The local offices we visited had not implemented effective procedures to determine whether employers were complying with reporting and listing requirements. Also, even when aware of noncompliance, local employment offices have referred only a few cases to their State headquarters for corrective action or referral to Labor. Labor has done little to assure that local offices have effective systems for monitoring contractors' listing and reporting activities. VES has been aware of deficiencies in the mandatory job listing program, but has done little to recommend improved methods for local offices to use in identifying covered contractors and subcontractors.

#### MANDATORY JOB LISTING REQUIREMENTS

The mandatory job listing program began under Executive Order 11598, June 16, 1971, to assist the large number of veterans leaving the service to find jobs. The listing requirements were later incorporated into the Vietnam-Era Veterans' Readjustment Assistance Act of 1972 (38 U.S.C. 101,2012). The program regulations (41 CFR 60-250.4) require Federal contractors and subcontractors to list suitable job openings with the Employment Service, which is to refer veterans to the job openings first. All Federal contracts and subcontracts over \$10,000 must include a clause entitled

"Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era," which requires contractors to

- list with the local State Employment Service office all suitable job openings occurring during the contract performance period and
- submit periodic reports on the number of openings and hires.

The listing and reporting requirements apply to every hiring location of the contractors and their parent or subsidiary companies. Suitable job openings are defined as those openings paying less than \$25,000 per year, except those to be filled from within the organization, or pursuant to employer-union hiring arrangements. The requirements also provide other exemptions such as (1) where the needs of the Government cannot reasonably be supplied, (2) where listing would be contrary to national security, or (3) where the requirement of listing would not be for the best interest of the Government.

The mandatory listing program is intended to benefit disabled and Vietnam-era veterans. Employment Service nationwide data for fiscal years 1976 and 1977 presented in the following table shows that Vietnam-era veterans generally fared better under mandatory-listed job orders than on other job orders. Comparative data was not available for disabled veterans, who represented less than 1 percent of the individuals referred to and placed in mandatory listed openings.

Referrals and placements  
of veterans as a percent  
of total referral and  
placement activity

	<u>Mandatory</u>		<u>Other</u>	
	<u>job openings</u>		<u>job openings</u>	
	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1976</u>	<u>FY 1977</u>
Individuals referred:				
Vietnam-era veterans	17.9	17.6	11.4	11.0
All veterans	25.8	25.0	17.4	17.0
Individuals placed:				
Vietnam-era veterans	6.7	16.4	12.2	11.0
All veterans	22.0	22.2	16.4	16.6
Total placements (note a):				
Vietnam-era veterans	16.3	16.5	11.3	11.9
All veterans		(not available)		

a/Total placements include all placement transactions. An individual is counted as many times as the person is placed in a job during the year. Under "individuals referred" and "individuals placed," a person is counted only once during a year.

The significance of mandatory job listing openings to Employment Service operations is shown in the following table.

<u>Activity</u>	<u>FY 1976</u>	<u>FY 1977</u>
Openings:		
Mandatory	1,024,029	1,131,064
Total	9,968,392	8,396,030
Mandatory as a percent of total openings	10	13
Openings filled:		
Mandatory	574,019	658,064
Total	6,878,784	5,901,564
Mandatory as a percent of total openings filled	8	11

IMPROVEMENTS NEEDED IN IDENTIFYING  
COVERED CONTRACTORS AND SUBCONTRACTORS

Labor's system for informing local Employment Service offices of employers subject to mandatory listing requirements often provides incomplete, erroneous, or untimely data on prime contractors and does not identify any subcontractors. Although the mandatory listing contract clause requires employers to notify each State employment service agency of all hiring locations in the State, officials in the three States we visited told us that they receive few or no such notifications. The local employment offices visited relied primarily on Labor to identify mandatory listing contractors. One local office identified additional contractors by asking employers during routine contacts if they were Federal contractors or subcontractors. Such a process provides little assurance that all covered employers and locations will be identified.

Identifying prime contractors

Labor's current system for identifying covered prime contractor locations needs further improvement to provide more timely, complete, and accurate contract and contractor location data.

Before June 1973, covered prime contractor locations were identified by contract award notifications provided to Labor by Federal procurement offices. In our November 1974 report to the Senate Committee on Veterans' Affairs, we noted that the procurement offices did not always provide the notifications or provide them timely. Also, the notifications did not identify all the hiring locations of the contractor and its subsidiaries, and did not always include contract award and completion dates.

Because of those problems, Labor awarded a contract to Dun & Bradstreet, Inc., effective June 1, 1973, to provide monthly listings of all employers with Federal contracts. Dun & Bradstreet obtains the contract award data from Notice of Award of Contract Forms prepared by Federal procurement activities and from the Commerce Business Daily. Dun & Bradstreet uses its list of over 3 million employment locations, reported to be the most complete available, to identify all locations of the contractor and its subsidiaries and related companies. Monthly activity is reported by Dun & Bradstreet to each State through cards listing contractor and contract data. The States in turn, forward the cards to the appropriate local Employment Service

offices. Dun & Bradstreet also provides a semi-annual listing of all locations to Labor's regional offices. In 1974, Labor estimated that the Dun & Bradstreet arrangement increased coverage data from 30 percent to 80 percent.

In five of the six Employment Service offices we visited, representatives complained to us about the Dun & Bradstreet cards being received several months after the contract award and lacking the contract award and completion dates needed to establish the period of coverage.

We examined a number of cards at each location to determine the time lapse between contract award dates and when the local Employment Service offices received the cards. Local office receipt dates were not available for 43 of the 203 cards we reviewed, and in those cases, we compared award dates with the Dun & Bradstreet processing dates shown on the cards.

The table below shows the elapsed time between the contract award date and either the date the local office received the card or the date the card was processed by Dun & Bradstreet.

<u>From contract award date to</u>	<u>Number of cards</u>	<u>Average number of days</u>
Local office receipt	160	103
Dun & Bradstreet processing date	43	86

A Dun & Bradstreet official said it takes up to 60 days from the date it receives contract award information to process the information and issue the cards to the States. He said that time lapses of more than 60 days between award dates and sending cards to the States are due to Dun & Bradstreet not receiving contract award information in a timely manner. He also said that the two main sources of information are the Commerce Business Daily and notices of contract award forms received from Government agencies. He said the timely notification problem primarily concerned the contract award notices. (Standard Form 99.)

We examined 271 Dun & Bradstreet cards to determine the incidence of missing contract award and completion dates. The cards examined included some of those reviewed for timeliness. We found that contract award dates were missing from 25 percent of the cards, and completion dates were missing from 65 percent.

A Dun & Bradstreet official said that all award and completion dates included in the information provided to Dun & Bradstreet are included on the cards. In addition, he said the Commerce Business Daily, which is the information source for 42 percent of the records processed, shows no completion date and seldom shows an award date.

Labor's Office of Federal Contract Compliance Programs is responsible for the system of identifying covered contractors. No evidence was found that anyone in that office monitored the adequacy of the input data given Dun & Bradstreet, or that firm's contractor listings.

#### Identifying subcontractors

Labor has no system for identifying subcontractors nor has it given State Employment Service agencies any guidance on how to identify subcontractor locations subject to mandatory listing requirements. Local offices essentially rely on voluntary compliance by subcontractors. One of the three States reviewed, Missouri, had instructed its local offices that only those employers listed by Labor were to be considered officially subject to the mandatory listing requirements and reported for noncompliance. When subcontractor coverage was determined locally, the local office was not to include the related reporting, hiring, and listing activity in mandatory listing reports to the State.

In June 1976, Labor revised its mandatory listing regulations to include all tier subcontractors because research into the legislative history of the 1972 act showed an intent that all tier subcontractors be covered. The 1971 executive order, and previous regulations covered only first tier subcontractors. In revising the regulations, Labor was obviously concerned with having all intended subcontractors list openings with and report hiring activity to the Employment Service. However, Labor took no action to develop or prescribe a method for identifying covered subcontractors.

#### MANDATORY LISTING ORDERS CODED INCORRECTLY

The local Employment Service offices reviewed had erroneously coded some mandatory listing job orders. As a result of the coding errors, referral personnel were unaware that the orders were the mandatory type, and that special emphasis was to be given to referring disabled and Vietnam-era veterans. The incorrect coding also resulted in excluding those orders and related referral and placement data from mandatory listing activity reports.

We reviewed job orders (up to 25 orders per employer) submitted by 10 employers subject to mandatory listing to each local Employment Service office during the preceding 12 months. Our review showed that 26 percent of the 1,059 orders should have been coded as mandatory. The percent of orders incorrectly coded ranged from 8 percent in Evansville to 59 percent in Indianapolis. The results by local offices are shown in the following table.

Local Employment Service office	Number of orders reviewed	Incorrectly coded orders	
		Number	Percent
Indianapolis	189	111	59
Evansville	153	12	8
Kansas City	220	53	24
Springfield	139	36	26
Los Angeles	250	37	15
San Bernardino	108	23	21
Totals	<u>1,059</u>	<u>272</u>	26

INCREASED EFFORTS NEEDED TO OBTAIN AND  
USE CONTRACTORS' REPORTS AND JOB LISTINGS

The State Employment Service agencies had not implemented effective procedures to assure that contractors subject to mandatory listing submitted required quarterly reports of hiring activity, and listed all their covered job openings. Other problems regarding quarterly reports included (1) States not forwarding reports to local offices and (2) reports not showing hiring activity by location. Local employment office actions to determine whether contractors listed all covered job openings were either inadequate or nonexistent. Even where local offices had identified instances of noncompliance, they rarely forwarded such cases through the State Employment Service agency to Labor for enforcement action. Labor has been aware of the lax enforcement of the mandatory listing program, but has not been aggressive in assuring that local offices identify and report cases of noncompliance.

Effective June 25, 1976, responsibility for enforcement of the mandatory listing program was transferred from Labor's Employment and Training Administration to Labor's Employment Standards Administration, Office of Federal Contract Compliance Programs. The purpose of the transfer was to eliminate possible conflicts of the same organization that relies on employers for job orders and placements, also having to take enforcement actions against such employers.

The Employment Standards Administration takes enforcement action based on noncompliance cases referred from State Employment Service agencies. A Labor Employment and Training Administration memorandum to its regional administrators dated June 14, 1977, noted however that many States were not reporting noncompliance. The memorandum emphasized that local office efforts were crucial to compliance, and directed that State Employment Service directors issue instructions to local offices on how to carry out their responsibilities. Copies of the instructions were to be sent to the Employment and Training Administration headquarters. No followup memorandum had been issued as of February 16, 1978, even though headquarters had received copies of instructions from only 14 States.

Contractors do not always submit quarterly reports

Contractors are to report quarterly on (1) the number of new hires, (2) number of disabled veterans hired, and (3) number of Vietnam-era veterans hired. If a contractor fails to file quarterly reports, or fails to list applicable job openings, the local Employment Service office should cite the contractor for noncompliance.

We reviewed quarterly report files for 236 selected contractors at 5 local Employment Service offices. We selected 50 contractors at 4 local offices and at the Springfield office we selected all 36 files of contractors available at the time of our fieldwork. The San Bernardino office did not have reports on file. We tried to select contractors that should have submitted reports for all four quarters of 1976. However, because of problems in identifying enough of these cases, we selected some contractors that had been subject to the reporting requirements for only one to three quarters.

Our review showed that the offices had received only 50 percent of the reports due from those contractors for the periods reviewed. Additional data on the contractors' reports we reviewed at each Employment Service office are shown below.

<u>Local Employment Service office</u>	<u>Number of contractors reviewed</u>	<u>Percent of reports received</u>	<u>Percent of contractors submitting all reports due</u>
Indianapolis	50	20	12
Evansville	50	18	14
Kansas City	50	89	64
Springfield	36	28	28
Los Angeles	50	74	62

Only 42 percent of the contractors that should have submitted 4 reports had done so. California and Missouri had statewide data on the percent of contractors submitting the required quarterly reports. The California Mandatory Job Listing Coordinator told us that the State and all its local offices received only 27 percent of the reports due for the quarter ended March 31, 1977. Similar data for Missouri showed that the State had received 68 percent of the reports due.

#### Reports submitted directly to State offices

Employment Standards Administration regulations permit contractors with multiple hiring locations in a State to send their reports to the State Employment Service office rather than to each appropriate local office. California and Missouri had not established a system to assure that employers were submitting their reports to either the State or the local office. In addition, when the reports submitted to the States contained data broken down by local office jurisdiction, the State agencies were not consistently providing the local offices with the data to allow them to determine whether the local hiring units were listing their job openings. In Indiana, the State office had a procedure to notify local offices of the contractors who had submitted a consolidated quarterly report to the State.

In the Kansas City Employment Service office's jurisdiction, 54 contractors reported directly to the State. The State had been sending the local office reports from only two or three contractors quarterly, thus the local office could not compare jobs listed with hires reported. The State office had no procedures for informing the local offices on all the contractors that were reporting to them, although such information is necessary if the local office is to adequately monitor the compliance of contractors in its jurisdiction.

The California Mandatory Job Listing Coordinator sent contractor report data to the local offices semiannually, but the data covered only the most recent quarter's activity. The Coordinator told us that because about 30 percent of the contractors report to the State, he did not have enough staff to provide local offices with all the report data. He questioned whether the local offices would use it in any case.

#### Local office review of whether contractors submit required job listings

Of the six Employment Service offices visited, only the two Missouri offices were determining whether contractors

were listing required job openings. The Kansas City office had been making such reviews for some time, although it did not necessarily review each contractor or analyze all their job orders. The Springfield Employment Service office began its review program in July 1977. At that time, the State began requiring local offices to submit a quarterly report, showing for each employer subject to mandatory listing the number of hires reported and job orders listed. Because job orders may cover several openings, comparison of orders and hires is somewhat meaningless in determining whether contractors listed all openings.

According to the State mandatory listing coordinator for Missouri, only 5 to 10 cases of potential noncompliance had been reported to the State since the inception of the program. These cases were all resolved at either the State or Labor regional office level.

Neither of the California Employment Service offices had any routine or systematic procedures for determining whether contractors were listing required job openings, and neither had reported any contractors for not listing jobs. The California Mandatory Job Listing Coordinator stated that local offices reported only 24 noncompliance cases during fiscal year 1976. The State was planning to develop a reporting system to identify negligent contractors.

The Indiana Employment Service offices likewise were not determining whether contractors listed required job openings. A 1971 State directive to local offices stressed that local offices were not to seek contractors' compliance with mandatory listing requirements, but instead were to report noncompliance to the State. Local officials told us they did not want to become involved with determining or reporting noncompliance, because such activities could be detrimental to relations with employers the offices relied on for job orders. The officials also noted a staff shortage and the lack of emphasis on the program by Labor.

#### Review of selected contractors' listing activity

Our comparison of hires reported and jobs listed by a number of contractors at each local Employment Service office showed that some contractors did not list all their openings with the Employment Service. The activity for 114 contractors, for the quarter ended December 31, 1976, showed 42 cases of significant differences between the number of reported hires and the number of openings listed. These comparisons provide indications of noncompliance, but may not be conclusive. Hires reported in one quarter could have

been for openings listed in a previous quarter, but the reports show only the number of hires, not the specific jobs that were filled. Nevertheless, such comparisons provide local offices a basis for further analysis and discussions with contractors, and then possible referral to the Labor regional office when noncompliance is found.

The following table shows for each office the number of contractors we reviewed that reported hiring activity, and the total number of hires reported and job openings listed during the quarter.

<u>Local Employment Service office</u>	<u>Contractors reviewed that reported hiring activity</u>	<u>Reported hires</u>	<u>Openings listed</u>	<u>Openings listed as a percentage of hires</u>
Indianapolis	18	104	34	32.7
Evansville	11	225	25	11.1
Kansas City	19	222	32	14.4
Springfield	19	493	90	18.3
Los Angeles	25	1,034	297	28.7
San Bernardino	<u>22</u>	<u>251</u>	<u>29</u>	11.6
Total	<u>114</u>	<u>2,329</u>	<u>507</u>	21.8

At the Kansas City office, 5 of the 19 selected contractors reporting hiring activity during the quarter ended December 31, 1976, had apparently not listed all their openings, as shown below.

<u>Contractor</u>	<u>Hires reported</u>	<u>Jobs listed</u>
A	7	-
B	10	-
C	12	-
D	47	2
E	86	13

Our review of the Employment Service records for the five employers referred to in the preceding table showed they had also failed to list all their job openings during the first three quarters of 1976. Employment Service personnel had discussed the listing requirements with the employers during 1976. However, the local office did not report any of the five contractors to the State office for noncompliance until May 1977, when one was reported. The State forwarded the case to Labor the same month.

VES AWARENESS OF MANDATORY  
LISTING PROBLEMS NOT DOCUMENTED

Regional and State VES representatives responsible for monitoring the mandatory listing program in the three States told us that they were aware of the type of problems discussed in this chapter, but they had not documented their efforts to inform responsible State and regional officials of the improvements needed. Without documentation available, we could not determine how comprehensive the VES recommendations had been on the mandatory listing program.

VES representatives for Labor region VII and Missouri told us they had made no formal recommendations for correcting mandatory job listing problems. The regional VES representative told us that everyone talked about the problems but did nothing to correct them.

VES representatives for Labor region IX and California also stated that they had not made any formal recommendations to operating officials for correcting mandatory listing problems. One representative said that effective enforcement was not taken seriously.

The VES representative for Indiana said that he was aware the Indianapolis local office was not monitoring contractors' compliance with listing and reporting requirements, but he had not reported the matter to State or Labor operating officials. His November 1976 review of the mandatory listing program in the Evansville office did not include any findings or conclusions concerning contractor listing and reporting activity.

CONCLUSIONS

The mandatory listing program has been poorly administered by the Employment Service, thus resulting in many jobs not being listed that should have been, and the Service not being able to refer veterans for possible placement. Local offices improperly coding orders from mandatory listing employers resulted in referral staff being unaware that disabled and Vietnam-era veterans were to receive referral priority on those orders. This also results in mandatory listing activity reports not including some pertinent data.

The system used by Labor to inform local Employment Service offices as to the employers subject to mandatory listing requirements needs to be improved to more consistently reflect the contract coverage periods and provide the data on a more timely basis. Local employment offices cannot

determine the period a contractor should be listing its openings when the data provided is not timely and does not show contract award or completion dates.

Local Employment Service offices generally take no action to identify subcontractors because of the lack of Labor guidance. We know of no practical or economical method to identify all subcontractors involved with Federal contracts, but efforts by local employment office staff to seek such identifications during their routine visits to employers should increase the known coverage.

Allowing contractors to report their hiring activity to the State Employment Service office rather than to the local employment offices has been detrimental to the program, because contractors sometimes report consolidated hiring data without identifying the local hiring location, and because the State offices do not always forward reports to the local offices. Local employment offices cannot evaluate whether contractors are listing required openings if they do not receive the reports showing hiring data in their area.

#### RECOMMENDATIONS

Accordingly, we recommend that the Secretary of Labor direct that

- the Employment Service increase its efforts to assure that local offices review employers' compliance with listing and reporting requirements, and report to Labor regional officials those possible noncompliance cases that are not resolved locally;
- the Employment Standards Administration take action to improve the timeliness and completeness of the federally generated contract data used by Dun & Bradstreet to prepare the listings sent to State Employment Service agencies;
- the Employment Standards Administration revise its mandatory listing regulations to require that all Federal contractors and subcontractors report their hiring activity to the appropriate local Employment Service office; and
- the Employment Service give increased emphasis to assuring that mandatory listed job orders are coded properly so that veterans are given priority referrals to jobs and mandatory listing activity reports include all such orders, and the related referral and placement activity.

## AGENCY COMMENTS AND OUR EVALUATION

The Department of Labor agreed with our recommendations concerning the mandatory job listing program. Labor stated that it would renew its emphasis on State agency reviews of employer's compliance with listing and reporting requirements. Labor also said that after April 1979, a new computer program--Employer Information System--will solve the current problems in conducting reviews of contractor compliance.

Labor referred to an experiment within the California Employment Service which is using key officials to review contractor reports for compliance. While experiments such as this should improve the program, the California State Employment Service agency, in commenting on this report, cited an example where it had submitted three reports of noncompliance on one employer to the Office of Federal Contract Compliance, which had resulted in no action (other than a telephone discussion) being taken against the employer. The California agency stated that a few strong and well publicized actions by the Office of Federal Contract Compliance would help convince mandatory listing employers of the seriousness of their need to comply with regulations. We agree. Also, the value of the computer program in enforcing contractor compliance will depend on effective followup action by the Office of Federal Contract Compliance.

Labor also stated that it was taking steps to improve the system for preparing the listings (although no specifics were mentioned) and that it will instruct regional and State offices to continue to monitor contractor identification procedures in local offices to reduce the errors in the coding of job orders.

In response to our recommendation to require all Federal contractors and subcontractors to report their hiring activity to the appropriate local Employment Service office, Labor stated that regulations in effect since June 25, 1976, already require this. The regulations cited by Labor give contractors having more than one hiring location in a State the option of either reporting all activity to the central office of that State employment service or reporting pertinent activity to each local office. Because of the administrative problems caused by giving employers an option on where to file their reports, we believe that better control over contract compliance would be achieved if employers had to file a report with the local office serving the local hiring activity.

## CHAPTER 7

### VES CANNOT CORRECT PROBLEMS

#### WITHOUT STRONG MANAGEMENT SUPPORT

The basic mission of VES is to assist employment and training program operators in providing employment services for veterans. However, since VES only has an advisory role, its effectiveness is dependent to a large degree on the cooperation obtained from, and resulting corrective actions on problems taken by, those who manage the programs. The many problems discussed in this report indicate that substantial improvements are needed in virtually all key areas of veterans employment programs.

#### VES ORGANIZATION AND RESPONSIBILITIES

VES was placed in the U.S. Employment Service by the Wagner-Peyser Act of 1933. VES remained as a component in the U.S. Employment Service within Labor's Employment and Training Administration until September 1977, when it was placed as a staff organization reporting directly to the Assistant Secretary, Employment and Training Administration.

The organizational change was the result of the position "Deputy Assistant Secretary of Labor for Veterans Employment" being authorized by the Veterans' Education and Employment Assistance Act of 1976. The act did not affect the authority or responsibilities of VES in relation to veterans' employment programs. Nor did the change in the organizational placement of VES affect its role and organization. Basically, VES's role is

- functionally supervising 1/ and monitoring the services provided to veterans by State Employment Service agencies;
- assisting in the planning, developing, and monitoring of CETA programs; and
- contacting veterans organizations, employers, and labor unions concerning veteran employment needs and opportunities.

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1/Supervising veterans employment services without any line authority for program management.

VES has a staff at Labor headquarters in Washington, D.C., and a field staff. The field staff consists of a veterans employment representative in each Labor regional office and one in each State Employment Service office. Each VES representative in the State office has one or more assistants. In addition to the above staff who are all Federal employees, there is a State employee in each local Employment Service office designated as a veterans employment representative.

The regional VES representatives are responsible for overseeing VES activities in the various Labor regions. The VES representatives in the State offices are responsible for monitoring Employment Service and CETA veterans programs in the individual States, in part, by performing onsite reviews and evaluations. The local veterans representatives are responsible for functionally supervising local Employment Service office staff on matters dealing with veterans. They normally report to the local office managers and assist them in developing, evaluating, and reviewing procedures and policies as they affect veterans.

VES representatives have no line authority over staff administering or operating CETA and Employment Service programs. Instead, they rely on persuasion and recommendations to obtain changes and corrective action.

#### LIMITED EFFECTIVENESS OF VES ACTIVITIES

The problem areas itemized below and discussed fully elsewhere in this report show that the effectiveness of VES efforts has been limited.

- Labor had approved CETA sponsors' operating plans that inadequately described how they would give special consideration to veterans. (See ch. 2.)
- CETA operating locations often gave no special treatment to priority veterans, and in some cases were not aware they were required to do so. (See ch. 2.)
- Local Employment Service offices did not always give veterans the required priority in job referrals. (See chs. 3, 4, and 5.)
- Disabled veterans outreach program staff had been diverted to performing routine local office work, rather than concentrating on reaching and serving disabled veterans. (See ch. 5.)

--Local Employment Service offices did not have effective procedures to identify and report on Federal contractors not complying with requirements to list job openings with local employment offices. (See ch. 6.)

Because VES has only an advisory role over the programs it monitors, its primary attribute for obtaining program improvements is persuasion. Some VES representatives, especially regional representatives responsible for the activities we reviewed were aware of the types of problems discussed in this report and had, in some instances, documented their concerns on improvements needed. But one regional VES representative characterized the response to VES suggestions of States in his region as ranging from very cooperative to benign neglect.

### CONCLUSIONS

Each of the employment and training programs serving veterans have management channels which are separate from VES. We do not believe it would be in the best interest of sound management for VES to become involved directly in the line authority for the various programs. Rather, VES should retain its advisory role. The only effective way to improve employment services for veterans is through meaningful actions by program managers. To do this will take a dedicated commitment to serving veterans from the Secretary of Labor down through and including program operators.

INFORMATION CONCERNING CETA PRIMESPONSORS REVIEWED

Sponsor's name: Office of the Mayor,  
City of Indianapolis

Jurisdiction: City of Indianapolis and  
Marion County

Population in jurisdiction: 792,000

Unemployment rate: 6.3 percent in March 1977

Fiscal year 1977 program data

<u>Title I</u>	<u>Amounts</u>	<u>Enrollments</u>
Expenditures	\$5,136,902	
Total enrollment		4,735
Veteran enrollment		473
<u>Title II</u>		
Expenditures	4,286,438	
Total enrollment		1,758
Veteran enrollment		299
<u>Title VI</u>		
Expenditures	5,172,993	
Total enrollment		1,650
Veteran enrollment		281

Fiscal year 1977 funding and positions allocated to subgrantees or operating locations reviewed

<u>Title I</u>	<u>Amounts</u>	<u>Positions</u>
Indianapolis Skills Center, Inc.	a/\$ 358,409	210
Indianapolis Opportunities Industrialization Center, Inc.	a/ 146,680	143
United Southside Community Organization	a/ 55,561	125
<u>Titles II and VI</u>		
City of Indianapolis	b/3,151,093	510
Indianapolis Public Schools	b/ 621,676	108
Indianapolis Housing Authority	b/ 412,843	81

a/For period January 1, 1977, to September 30, 1977.

b/For period March 1, 1977, to September 30, 1977.

Sponsor's name: Southwestern Indiana Manpower Consortium

Jurisdiction: City of Evansville, Indiana, and counties of Dubois, Gibson, Perry, Pike, Posey, Spencer, Warwick, and Vanderburgh

Population in jurisdiction: 335,000

Unemployment rate: 3.5 percent in May 1977

Fiscal year 1977 program data

<u>Title I</u>	<u>Amounts</u>	<u>Enrollments</u>
Expenditures	\$3,254,978	
Total enrollment		3,404
Veteran enrollment		276
<u>Title II</u>		
Expenditures	1,719,753	
Total enrollment		830
Veteran enrollment		125
<u>Title VI</u>		
Expenditures	a/2,191,950	
Total enrollment		a/770
Veteran enrollment		a/139

Fiscal year 1977 funding and positions allocated to subgrantees or operating locations reviewed

<u>Title I</u>	<u>Amounts</u>	<u>Positions</u>
Evansville Skill Center	\$231,171	160
Prime Sponsor's Individual Referral Service	122,209	b/32
Employment Service On-the-Job Training program	107,878	b/46
<u>Titles II and VI</u>		
City of Evansville	1,484,111	245
Lincoln Hills Development Corp.	561,971	136
Tri-Cap	547,957	93

a/Data is for period February 1, 1977, to October 1, 1977.

b/No specified number of positions assigned. Numbers shown are enrollments as of June 30, 1977.

Sponsor's name: Kansas City Area Employment and Training Consortium

Jurisdiction: City of Kansas City, Missouri, and Cass, Clay, Platte, and Ray Counties

Population in jurisdiction: 653,000

Unemployment rate: 5.1 percent in May 1977

Fiscal year 1977 program data

<u>Title I</u>	<u>Amounts</u>	<u>Enrollments</u>
Expenditures	\$6,742,770	
Total enrollment		4,194
Veteran enrollment		412
<u>Title II</u>		
Expenditures	3,353,992	
Total enrollment		1,616
Veteran enrollment		349
<u>Title VI</u>		
Expenditures	7,987,176	
Total enrollment		2,052
Veteran enrollment		394

Fiscal year 1977 funding and positions allocated to subgrantees or operating locations reviewed

<u>Title I</u>	<u>Amounts</u>	<u>Positions</u>
Central City Employment and Training Service Center	\$2,927,000	1,800
Northland Service Center	527,000	287
Kansas City Plan	161,000	140
<u>Titles II and VI</u>		
City of Kansas City	2,318,753	506
Kansas City School District (note a)	311,570	105
Kansas City Board of Police Commissioners	107,508	57

a/Kansas City School District contract is for the period of January 1, 1977, through June 30, 1977.

Sponsor's name: City of Springfield, Missouri  
 Jurisdiction: City of Springfield, Missouri  
 Population in jurisdiction: 144,000  
 Unemployment rate: 4.8 percent (estimated average for 1977)

Fiscal year 1977 program data

<u>Title I</u>	<u>Amounts</u>	<u>Enrollments</u>
Expenditures	\$914,932	
Total enrollment		1,062
Veteran enrollment		152
<u>Title II</u>		
Expenditures	521,680	
Total enrollment		262
Veteran enrollment		62
<u>Title VI</u>		
Expenditures	659,535	
Total enrollment		348
Veteran enrollment		98

Fiscal year 1977 funding and positions allocated to subgrantees or operating locations reviewed

<u>Title I</u>	<u>Amounts</u>	<u>Positions</u>
Missouri Division of Employment Security	\$214,787	1,022
<u>Titles II and VI</u>		
City of Springfield	477,827	174
Greene County Court	55,632	17
University of Missouri Extension Center	50,852	15

Sponsors name: City of Los Angeles  
 Jurisdiction: City of Los Angeles  
 Population in jurisdiction: 2,800,000  
 Unemployment rate: 7.9 percent in June 1977

Fiscal year 1977 program data

<u>Title I</u>	<u>Amounts</u>	<u>Enrollments</u>
Expenditures	\$25,457,897	
Total enrollment		18,812
Veteran enrollment		1,241
<u>Title II</u>		
Expenditures	21,109,072	
Total enrollment		5,350
Veteran enrollment		1,436
<u>Title VI</u>		
Expenditures	23,895,482	
Total enrollment		7,024
Veteran enrollment		1,943

Fiscal year 1977 funding and  
positions allocated to subgrantees  
or operating locations reviewed

<u>Title I</u>	<u>Amounts</u>	<u>Positions</u>
Los Angeles Unified School District	\$ 3,494,000	1,747
Watts Labor Community Action Committee	814,000	200
Young Israel Employment Bureau	460,800	332
<u>Titles II and VI</u>		
City of Los Angeles	28,796,222	2,828
Los Angeles Unified School District	7,518,284	785
Los Angeles Housing Authority	1,886,343	192

Sponsor's name: Inland Manpower Association  
 Jurisdiction: San Bernardino and Riverside Counties  
 Population in jurisdiction 1,225,000  
 Unemployment rate: 8.5 percent in April 1977

Fiscal year 1977 program data

<u>Title I</u>	<u>Amounts</u>	<u>Enrollment</u>
Expenditures	\$11,632,691	
Total enrollment		7,617
Veteran enrollment		687
<u>Title II</u>		
Expenditures	6,719,523	
Total enrollment		2,131
Veteran enrollment		667
<u>Title VI</u>		
Expenditures	9,695,942	
Total enrollment		3,194
Veteran enrollment		1,106

Fiscal year 1977 funding and positions allocated to subgrantees or operating locations reviewed

<u>Title I</u>	<u>Amounts</u>	<u>Positions</u>
County of San Bernardino	\$2,063,360	573
County of Riverside	1,426,846	280
Inland Area Urban League	451,275	392
<u>Titles II and VI</u>		
County of San Bernardino	7,996,864	1,126
County of Riverside	3,706,944	934
City of San Bernardino	1,461,255	327

VETERAN DEFINITIONS USED IN  
EMPLOYMENT SERVICE AND CETA PROGRAMS

Employment Service Definitions

Veteran--	"Veteran" shall mean "eligible veteran," "disabled veteran," "special disabled veteran," and "Veteran of the Vietnam-era."
Eligible veteran--	"Eligible veteran" shall mean a person who served in the active military, naval or air service, and who was discharged or released therefrom with other than a dishonorable discharge.
Disabled veteran--	A person entitled to disability compensation under laws administered by the Veterans Administration.
Special disabled veteran--	A person entitled to disability compensation under laws administered by the Veterans Administration for disability rated at 30 per cent or more, or a person whose discharge or release from active duty was for a disability incurred or aggravated in line of duty.
Vietnam-era veteran--	A person who (1) served on active duty for a period of more than 180 days, any part of which occurred during the Vietnam-era (August 5, 1964, through May 7, 1975) and was discharged or released therefrom with other than a dishonorable discharge, (2) was discharged or released from active duty for a service-connected disability if any part of such active duty was performed during the Vietnam-

era, and (3) who was discharged or released within the 48 months preceding the person's application for employment under this subpart.

Recently separated veteran-- A veteran whose last date of discharge or release from the Armed Forces occurred within 4 years of the date of application.

Other veteran-- A veteran not meeting any of the above four definitions.

The Employment Service uses the above definitions to include each veteran in one of the following nine classifications:

- |                                |  |
|--------------------------------|--|
| --Vietnam-era.                 | --Other veteran disabled.              |
| --Recently separated.          | --Vietnam-era special disabled.        |
| --Other veteran.               | --Recently separated special disabled. |
| --Vietnam-era disabled.        | --Other veteran special disabled.      |
| --Recently separated disabled. |  |

#### CETA definitions

Veteran-- A person who (1) served on active duty for a period of more than 180 days, and was discharged, separated, or released therefrom with other than a dishonorable discharge or (2) was discharged or released from active duty for a service-connected disability.

Disabled veteran-- A person who served in the Armed Forces and who was discharged or released therefrom with other than a dishonorable discharge and who has been given a disability rating of 30 per cent or more, or a person whose discharge or

release from active duty was for a disability incurred or aggravated in the line of duty.

Special veteran--

A veteran who served in Indochina or Korea, including the waters adjacent thereto, between August 5, 1964, and May 7, 1975, inclusive and who received other than a dishonorable discharge.

Recently separated veteran--

A veteran whose last date of discharge or release from the Armed Forces occurred within 4 years of the date of application to the program.

Vietnam-era veteran under 35 years of age (note a)--

A person under 35 years of age who (1) served on active duty for a period of more than 180 days, any part of which occurred during the Vietnam-era (August 5, 1964, through May 7, 1975), and was discharged or released with other than a dishonorable discharge or (2) was discharged or released from active duty for a service-connected disability if any part of such active duty was performed during the Vietnam-era.

a/This CETA veteran classification was added following the Youth Employment and Demonstration Projects Act of 1977 (29 U.S.C. 801, enacted August 5, 1977).

U.S. DEPARTMENT OF LABOR  
OFFICE OF THE SECRETARY  
OFFICE OF SPECIAL INVESTIGATIONS  
WASHINGTON, D.C. 20210



JUL 5 1978

Mr. Gregory J. Anart  
Director, Human Resources Division  
United States General Accounting Office  
Washington, D. C. 20548

Dear Mr. Anart:

Enclosed are the Department of Labor's comments concerning the draft GAO report on "Much More Can be Done for Veterans in Employment and Training Programs."

The Department of Labor agrees with many of the findings, conclusions and recommendations. You will find in the enclosed comments specific areas where the Department is in disagreement.

We wish to thank you for the opportunity to review and comment on the report prior to it being issued in final. We trust you will find the enclosed comments helpful in preparing your final report to the Congress.

Sincerely,

R. C. DeMarco  
Director

Enclosure

THE COMMENTS OF THE DEPARTMENT OF LABOR  
REGARDING THE DRAFT REPORT OF THE  
GENERAL ACCOUNTING OFFICE

"MUCH MORE CAN BE DONE FOR VETERANS IN  
EMPLOYMENT AND TRAINING PROGRAMS"

U.S. Department of Labor

Introduction

This paper presents responses to the draft report by the General Accounting Office (GAO) entitled, "Much More Can Be Done for Veterans in Employment and Training Programs." Responses to the specific recommendations are provided in the sections that follow and are keyed to the chapters in the GAO report in which they appear. In this section, comments on the overall report are presented.

Although the report provides a number of useful recommendations, we are concerned that it does not reflect the current employment status of Vietnam-era veterans or some of the programs that provide assistance to unemployed veterans. In part, this discrepancy is due to the lag in time since the field work for the study was done and, in part, because of the substantial and rapid changes in the employment status of veterans. For example, at the time that the field work for the study was carried out in August of 1977, there were over 500,000 unemployed Vietnam-era veterans for a rate of 7.8 percent. As of May 1978, the number of unemployed veterans has been cut in half--to less than 250,000--and the unemployment rate of 4.0 percent is one of the lowest for any demographic group.

The following table comparing rates shown in the report (annual averages, 1977) and the most recent data illustrates the extent of the differences and the need to update the data presented in the report.

**Employment Status of Male Vietnam-era  
Veterans and Nonveterans, 20-34  
(unemployment rates)**

<u>Category</u>	<u>GAO Report (1977 Annual Average)</u>	<u>Latest Data (May 1978)</u>
<b>Male Vietnam-era Veterans</b>		
20-34 years	7.3	4.0
20-24 years	16.2	6.9
<b>Male Nonveterans</b>		
20-34 years	7.5	5.9
20-24 years	10.0	7.7

There is a somewhat similar discrepancy in the description of the Department of Labor's (DOL) efforts for veterans under the Comprehensive Employment and Training Act (CETA) as described in the report and the current status of the program. Again, it is largely the result of the rapid changes in the program since the field work for the report was carried out. As a result of the President's Economic Stimulus Program, over 160,000 veterans were hired for public service jobs under CETA between May of 1977 and March of this year. This program, which was a significant factor in the reduction of veteran unemployment, is not adequately reflected in the report.

There have been significant changes in other programs as a result of the special emphasis on veterans that are not reflected in the report because of the time lag. For example, placements of all veterans by the Employment Service (ES) increased by 21 percent between the first half of FY 1977, and the first half of FY 1978. During the same period, placements of disabled veterans increased by 44 percent.

We cite these facts not to diminish the problems of Vietnam-era veterans but to make the point that the nature of the problem has changed substantially in recent months. Thus, while the unemployment situation of white veterans has improved dramatically in the past year, the situation of the minority veteran remains grim.

Finally, we are concerned that the limited number of sites covered by the report may give a misleading and exaggerated impression of the problems. Many of the problems cited by the GAO are site-specific and related to the particular circumstances, method of implementing Federal directives and local interagency relationships found in those sites. We can see little merit in generalizing site-specific problems found in this limited sample to the 2,600 ES offices and 440 CETA programs across the country.

As noted above, we are in concurrence with a number of the operational recommendations made in the draft report and, in many instances, have measures underway to improve the particular situation. However, we hope the final report will address the concerns expressed in this section and reflect the current status of the veteran problem and the current efforts to solve the problem.

Chapter 2 - Special Consideration for Priority Veterans in  
CETA Programs Needs Much Improvement

Recommendation #1:

Provide CETA prime sponsors a program definition of what special consideration to priority veterans means, which (1) clarifies that such veterans must have a better chance of being selected to fill open positions than other veterans and nonveterans, and (2) specifies the minimum actions required to comply with special consideration requirements.

Comment:

The Department will, in its regulations revision process, attempt to clarify and strengthen its description of "special consideration." Varying sponsor intake and placement processes do, however, make total standardization difficult. Emphasis on proper planning, enforcement, and technical assistance will ensure proper service.

Recommendation #2:

Provide guidance to sponsors on how to obtain and use planning data on the extent to which unemployed priority veterans reside in their areas.

Comment:

The Department is considering funding at the national level, data service projects to develop veterans LMI for labor market and prime sponsor areas where there have been particular problems with planning veterans participation in CETA due to inadequate data.

In addition, regional staff will be instructed to inspect FY 1979 grant plans to determine whether prime sponsors have responded adequately to the needs of the community. Using the RVER and LVER as a resource, staff will work with the prime sponsor to expand the amount of veterans LMI available to planners, if access to data has caused problems during the planning process.

Recommendation #3:

Require sponsors to establish participation goals for priority veterans based on the data referred to above.

## Chapter 2 (Continued)

Comment:

The requirement of veteran goals, particularly priority veteran goals, will be continued and strengthened. Prime sponsors are now required to consider the needs of recently discharged veterans in planning title I activities and must develop local goals for the participation of program eligible disabled veterans and Vietnam veterans under the age of 35, taking into account their numbers and the numbers of persons in other significant segments of the local eligible population. These goals must be outlined in prime sponsors' annual plans, and progress against plan is reported in quarterly program performance reports.

An overall requirement has been placed on prime sponsors to set goals in PSE grants reflective of local levels of veterans' needs, and of the 35 percent veteran hiring goal set by Secretary Marshall in January of 1977 for new jobs funded during the expansion of CETA PSE under the Economic Stimulus Program. The national benchmark goal was an administrative action on the part of the Department to put pressure on the prime sponsor system in setting statutorily mandated local goals.

Recommendation #4:

Improve the quality of Labor's reviews of prime sponsors' plans for serving priority veterans.

Comment:

See comments (2) and (3) above about improving data and its usage and about emphasis in plan review.

Recommendation #5:

Require each monitoring report to include an evaluation of whether sponsors and their subgrantees have procedures in effect which give priority veterans a better chance than other applicants of being selected.

Comment:

We are now in the process of reviewing our monitoring system. As part of this review, we will look into the possibility of providing additional guidance to regional staff on emphasis of specific monitoring of veteran service. This would include review onsite with prime sponsors local mechanisms for achieving PSE veteran participation goals, including the specific method

used to refer veterans to employing agencies and whether veteran hiring goals are included in prime sponsor PSE subgrant applications. The follow-up on the reviews would be of a technical assistance nature, to focus prime sponsors on specific steps or actions that should be taken to insure that the goals to which sponsors are committed in ETA-approved plans are in fact realized.

Recommendation #6:

Require that increased emphasis be given to evaluating the adequacy of prime sponsor's monitoring of their subgrantees' services to veterans.

Comment:

As indicated above, the Department anticipates tightening of both regulatory and general systems requirements with reference to prime sponsor management and monitoring of subgrantees. Service to veterans will be included.

Chapter 3 - Data on Veteran Participation in CETA Program  
is Misleading

Recommendation #1:

In reporting enrollments, intertitle transfers should be identified separately from new enrollments and the number of priority and other veterans be identified separately in new enrollments and in transfers.

Comment:

Beginning with FY 1978, the CETA Management Information System (MIS) does identify intertitle transfers separately from new enrollments in the aggregate. In planning our MIS redesign for FY 1980, we will explore the possibility of separate identification of priority and other veterans. Obviously, this must be considered in the context of the overall reporting system on participant characteristics.

Recommendation #2:

Reports on veteran participation include an unduplicated count of priority veterans.

Comment:

The question of duplicate counting will be considered in planning for MIS redesign for FY 1980. A system that assures unduplicated counting would undoubtedly require a fairly sophisticated individual tracking system.

Recommendation #3:

Regional Labor officials give emphasis to assuring that sponsors and their subgrantees have adequate support for data reported to Labor, including participant data for each subgrantee.

Comment:

The Department is very concerned about the adequacy of its Federal reporting system, MIS at all levels, including prime sponsor subsystems. As part of our overall redesign plans, the national and regional offices will be working closely with CETA sponsors on improving systems. Consideration is being given to additional and more standardized requirements on participant, outcome, and other data at the activity and/or subgrantee level.

## Chapter 3 (Continued)

Recommendation #4:

Labor's requirements on the prime sponsor's records be revised to require that data be maintained on all applicants so that such data can be used by sponsors in developing program plans and in assessing how well CETA is serving other target groups.

Comment:

Current CETA regulations require that the following types of information be recorded:

- 1) For each applicant - personal identifying and eligibility information.
- 2) For each eligible applicant - other socioeconomic characteristics and work history.
- 3) For each participant - full range of data.

In planning for regulations and MIS revisions, we will consider the adequacy of these requirements and whether greater standardization is need. Since large numbers of eligible and ineligible persons apply for CETA, time and cost factors must be taken into account.

## Chapter 4 - CETA-ES Cooperation

Recommendation #1:

Ensure that all PSE job vacancies are listed with the ES and that the ES is responsive to such vacancies and gives priority veterans the required referral preference.

Comment:

We agree with the GAO recommendation. This is part of our regular ongoing monitoring activities conducted by both VES and regional office staff as well as periodic onsite reviews of ES/CETA implementation of PSE programs. Through separate instruction the Department has reiterated the requirement for mandatory listing of PSE jobs with ES and adherence to the 48-hour time period during which only priority veterans may be referred. We will ensure that this aspect continues to be emphasized in the conduct of our monitoring and review activities to ensure that CETA prime sponsors and ES agencies are in full compliance with this requirement.

Recommendations #2 and #3:

Develop uniform definitions and classifications for veterans for all DOL employment and training programs, and where necessary submit proposed legislative changes to Congress.

Comment:

We agree fully with these recommendations and have taken several steps to implement them. A review of legislatively required definitions has been performed, various proposals for simplification have been reviewed by the DOL Solicitor's Office, and the problem has been discussed extensively with Congressional committee staff. We will continue to seek resolution of this problem through both administrative action and Departmental input to the legislative process.

## Chapter 5 - ES Services to Veterans

Recommendation #1:

Have local ES offices make a concerted effort to alert veterans to advantages of visiting offices frequently.

Comment:

We disagree with this recommendation. The relative merits of having veterans visit the local office more frequently would be quickly outweighed by the disadvantages to them in terms of additional time and money spent for carfare, parking, gasoline, etc. Increased walk-in traffic could result in longer waiting times and more hurried, less personal service provision. Also it is under such pressured circumstances that it is difficult to ensure that veterans are provided required preference and referral priorities.

A more efficient manner of dealing with the problem would be through improved file search and maintenance techniques and more careful monitoring of applicants available, as compared to openings received.

As more local offices gain the capability to perform computerized file searches (as of June 1978, approximately 260 local offices in 20 States have this capability), applicants, including veterans will no longer have to come into the office to ensure that they are being considered for new job orders. All applications will be automatically screened against all available job orders (not just those orders received that day, in that office or in that applicant's DOT code.)

In addition, we will ensure through our regular monitoring that offices which still operate on a totally manual basis adequately implement the requirements for file search, review of veteran applications and referral priorities set forth in our regulations. We feel this will address the problems noted by the GAO in a more effective manner than urging frequent personal visits by veteran applicants.

Recommendation #2

Assure that DVOP staff serve disabled veterans and are not used to perform services which are the responsibility of regular ES staff.

Comment:

We believe that this recommendation has been fully implemented by DVOP monitoring procedures put into place since the drafting of the GAO report, and that the

recommendation is based on out-of-date information and should be dropped. The Disabled Veterans Outreach Program (DVOP), announced in January 1977, was not implemented and DVOP staff was not hired in many States until July 1977 or later. So, at the time of the GAO reviews, some DVOP staff conceivably could have been performing regular ES duties as part of their training activities. Up to 3 months of formal and on-the-job training was provided to DVOP staff to prepare them for their duties. Also, because DVOP staff are temporarily hired to fill these positions, many have found other, permanent jobs, so at any point in time, newly hired replacements would be involved in regular ES duties as part of their OJT.

Since the GAO review, ETA has taken a number of actions to ensure that DVOP staff are used according to program guidelines. It should be stressed that these guidelines do provide for DVOP staff to serve all veterans with special emphasis on assisting disabled, Vietnam-era veterans. The GAO report mistakenly assumes that the program is designed to assist disabled veterans only.

- In November 1977, USES staff conducted onsite reviews of DVOP operations in 13 offices in 3 States. The sites were selected from those the VES cited as having DVOP implementation problems (including diversion of DVOP staff to regular ES duties) during their monitoring visits. In some of the sites reviewed, DVOP staff were not being used according to DVOP guidelines. The findings, along with specific recommendations for corrective actions, were transmitted to the State agencies and corrective actions were monitored.
- In addition, ETA regional staff reviewed the remainder of the sites highlighted in the VES monitoring reports. Their findings, compiled in April 1978, showed that the implementation problems cited earlier by the VES had been corrected.
- In order to assist regional as well as State agency and VES staff in carrying out their ongoing DVOP monitoring responsibilities, USES developed a monitoring tool in April 1978. Questions on DVOP job duties are included in this instrument, and instructions on its use have been sent to the field.

We believe an adequate basis for monitoring the implementation of the DVOP program has been established and that problems in individual sites, such as those noted by the GAO, are being addressed on an ongoing basis.

Recommendation #3:

Renegotiate the VA-OJT agreement to establish a system which can be efficiently and effectively implemented.

Comment:

We agree with the intent of the GAO recommendation. Together with the VA, we have made efforts to ensure adequate utilization of the opportunities available to veterans through the VA-OJT program. However, our monitoring reports indicated that some deficiencies remain. In addition, recent experience has raised questions regarding the viability of VA-OJT as an attractive training opportunity for veterans. Therefore, before renegotiating the agreement, we, in cooperation with the VA, will reexamine both the program itself and our procedures for implementing it through ES offices.

## Chapter 6 - Mandatory Job Listing Program

Recommendation #1:

Assure that local offices review employer's compliance with listing and reporting requirements and report those noncompliance cases not resolved locally.

Comment:

We agree with the recommendation. As the GAO notes in its report, enforcement and compliance responsibilities were transferred from ETA to ESA in June 1976. At the same time, ETA realized that a review of employer reports and job listings was essential to ensuring the success of compliance.

Our Memorandum of Understanding (ETA-ESA) calls for SESA reviews of Federal contractor quarterly reports of hires. These reviews should indicate possible noncompliance and would lead to referral of unresolved cases to OFCCP-ESA. We have supported these actions in our directives, our training, and in field contacts. Also, we have tried to experiment with new approaches to quarterly report reviews in the States. For example, California is using their Assistant State Directors of Veterans Employment Service (ASDVES) to visit the local ES offices in their jurisdiction and review contractor reports for compliance.

In addition, ETA is currently developing a computerized Employer Information System (EIS) which will produce a computer printout which lists, for each Federal contractor hiring location, (1) the number of hires, as identified through unemployment insurance records; (2) the hires reported in the quarterly report; and (3) the ES placements of veterans at that contractor location. We believe this report of contractor hiring information, to be available to State agencies in April 1979, will solve current problems in conducting reviews of contractor compliance.

In response to the GAO's report, we will renew our emphasis on State agency review activity to carry out their responsibilities as envisioned in the ETA-ESA Memorandum of Understanding. We will followup on previous directives, as suggested in the GAO report, to ensure that State agencies have provided adequate direction to their local offices.

Recommendation #2:

ESA should take action to improve the timeliness and completeness of the contract data used to prepare listings sent to ES agencies.

Comment:

We agree that more timely and complete data are needed and are taking steps to improve the system for preparing the listings.

Recommendation #3:

ESA should revise its mandatory listing regulations to require all Federal contractors and subcontractors to report their hiring activity to the appropriate ES local office.

Comment:

Existing regulations and practices have been operative since regulations covering contractor obligations under Section 402 of the Vietnam Era and Disabled Veterans Readjustment Act were published on June 25, 1976. The existing requirement (Section 60-250.4 (d) of the Regulations) calls for a quarterly reporting to local Employment Service Offices of new hires of both Vietnam Era and disabled veterans.

Recommendation #4:

Assure that mandatory listing job orders are coded properly so veterans are given priority referrals and so mandatory listing activity reports include all such orders and related referral and placement activity.

Comment:

We have emphasized this point in training and field contacts. We have monitored Federal contractor identification in local offices and found that improvements are being made. Regional and State offices will be instructed to continue to monitor this problem in local offices to ensure full resolution of deficiencies.

Also, the computerized EIS, which is being developed for implementation in SESAs in April 1979, allows for identifying an employer as a covered Federal contractor. Thus, whenever a job order from such an employer is processed, it will be automatically identified as mandatory listing order.

Miscellaneous Comments

Data Analysis and Presentation (throughout the report)

[See GAO note p. 104.]

## Miscellaneous Comments (Continued)

The table on page 54, which compares veterans placement standards with actual performance, reflects percentages only, with no base figures or data bases defined. Verification of these figures proved to be difficult; however, when FY 1976 ESARS data for the period of July 1, 1975 - June 30, 1976, and FY 1977 data for October 1, 1976 - September 30, 1977 were used to verify the percentages shown in the GAO report, substantial differences were noted in many cases. We suggest that the GAO show the data base used or verify the figures presented. We are available for assistance.

[See GAO note below.]

Mandatory Job Listings

On page 98, it would be appropriate to add the following as an update:

- As a pilot program to establish procedures, directed reviews are now being conducted with a primary purpose of improving the mandatory job listing compliance record. It is anticipated such reviews will be conducted annually, after October 1, 1978, and contractor awareness of the requirement will be greatly enhanced by this action.

GAO NOTE: Material included in draft report but revised in, or deleted from, final report.



VETERANS ADMINISTRATION  
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS  
WASHINGTON, D.C. 20420  
JUNE 29 1978

Mr. Gregory J. Ahart  
Director, Human Resources Division  
U. S. General Accounting Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Ahart:

This is in response to your May 26, 1978 letter transmitting the General Accounting Office (GAO) draft report, "Much More Can Be Done for Veterans in Employment and Training Programs," for review.

Although the Veterans Administration (VA) is vitally interested in the entire report, our comments are confined to the Chapter 5 section entitled, "Little Progress Made to Better Utilize Veterans Administration's On-the-Job Training Program."

We concur with the recommendation that the Secretary of Labor renegotiate an agreement with the VA to establish an efficient and effective system for identifying employers with approved on-the-job (OJT) training programs and available training positions. We are now drafting, for the Department of Labor's (DOL) concurrence, a new comprehensive agreement which will consider problems experienced by the states in implementing the current program.

[See GAO note p. 106.]

The data base for this report was drawn from only three states, ranking first, eleventh and thirteenth in population of Vietnam veterans as of June 1975. It is not known if this sampling is representative nationwide, but we feel the VA has carried out its responsibilities under the 1975 and 1976 agreements.

Initially, a list of approved OJT employers was "purified" to remove those employers known to be out of the program, out of business or moved from the jurisdiction. Following the 1975 agreement, the VA began furnishing the Veterans Employment Service (VES) with updated lists of employers with approved OJT programs three times a year. These are computer-generated listings (RCS 212-3) which continue to be furnished, but neither the VA nor DOL has any control over the state agencies to whom they are sent. The joint efforts of VA and DOL can succeed only with the cooperation of the VES staff in the states. Unless VES representatives use the lists as intended, we will continue to find the program is not working.

Mr. Gregory J. Ahart  
Director, Human Resources Division

[See GAO note below.]

Apparently the State Approving Agency (SAA), under the Indiana Department of Veterans Affairs, assumed the responsibility for forwarding their copies of the report to the State Director of Veterans Employment because it was in the same building. This method proved unsatisfactory because copies were not always forwarded. Now the regional office sends the list direct.

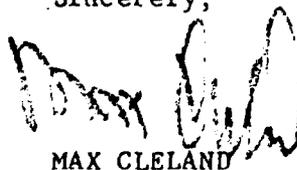
The California VES representative indicated that he did not forward the VA list since it was outdated, inaccurate and poorly sequenced. The VA lists are periodically updated, but are not current for very long after printing. The purpose of feedback from VES is to assist in keeping the lists current, but VA seldom gets the necessary feedback.

The Department of Labor has recently conducted a survey on the use of the VA report, RCS 212-3. The survey indicated that of 48 states responding, 46 had received the list, and 25 states actually use the list as provided in the agreement. Of the 25 using the list, 18 provided VA with updated information. The study also indicated that 20 states use the SAA list instead of VA's RCS 212-3.

There is very clearly a continuing problem in implementing the procedures specified in the DOL-VA agreement and it appears that the lack of progress is due to the fact that the state and local employment service offices are not providing the staff time needed to make the program work. It is possible that the end product may not justify the commitment of staff time to process these lists and contact the employers. This factor will be considered in future negotiations with DOL.

We appreciate the opportunity to review and comment on this draft report.

Sincerely,



MAX CLELAND  
Administrator

GAO NOTE: Material included in draft report but deleted from final report.

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