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**REPORT TO THE SUBCOMMITTEE ON
EMPLOYMENT, MANPOWER, AND
POVERTY, COMMITTEE ON LABOR
AND PUBLIC WELFARE
UNITED STATES SENATE**

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**Report On The Preparation And
Approval Of Plans To Implement
The Public Employment Program**

B-163922

Department of Labor

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

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MARCH 17, 1972



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

B-163922

Dear Mr. Chairman:

This is the third of a series of reports in response to your letter of July 28, 1971, requesting the General Accounting Office to conduct an ongoing review and evaluation of the programs undertaken by the Department of Labor to implement the Emergency Employment Act of 1971 (85 Stat. 146). This report is concerned with the preparation of plans for implementing the Public Employment Program by the States, counties, and cities serving as program agents and with the Department's review of these plans.

We reviewed the program agents' applications to the Department of Labor for full funding of the Public Employment Program under section 5 of the act. At the time of our review, the available information on program agents' applications for full funding of the Special Employment Assistance Program under section 6 and of the demonstration programs under section 5 of the act was not sufficient to enable us to report on these programs.

Applications for financial assistance under the Emergency Employment Act of 1971 may be approved only if the Secretary determines that the applications meet the requirements set forth in the act and in the Department's regulations and guidelines. To expedite approval of the applications, the Secretary delegated responsibility for the determinations to the Department's 10 Regional Manpower Administrators. Both the act and the Department's regulations and guidelines contemplated that the program agents' applications for financial assistance, in essence, would be their plans for implementing the employment programs authorized by the act.

The approved applications that we reviewed lacked certain information required by the law and by the Department's regulations and guidelines, in large part because the Secretary authorized a 30-day extension for submitting certain data.

Because the Regional Manpower Administrators approved the applications with the understanding that the missing data would be provided and because both the program agents and the Department viewed

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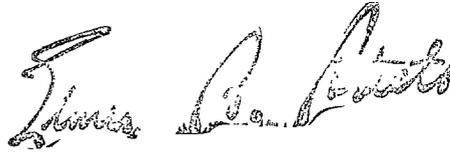
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the applications as working documents, subject to modification as conditions warranted, we believe that our Office would not be warranted in holding that the Department had not acted in accordance with the intent of the act. The program was of an emergency nature, and the Department placed a high priority on getting it under way as soon as possible. We doubt that the Department could have achieved its objective of promptly placing persons in jobs if it had insisted on requiring all the data prior to approving applications.

The contents of this report were discussed informally with officials of the Department of Labor and with representatives of certain program agents. These officials, however, have not been given the opportunity to formally consider and comment on this report.

In accordance with our agreement with your office, we are providing a copy of this report to the Chairman, Select Subcommittee on Labor, House Committee on Education and Labor. We will make further distribution of this report only after your agreement has been obtained or public announcement has been made by you concerning its contents.

Sincerely yours,



Comptroller General
of the United States

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

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REVIEW OF THE PREPARATION

AND APPROVAL OF PROGRAM AGENTS'

PLANS TO IMPLEMENT THE PUBLIC EMPLOYMENT PROGRAM

INTRODUCTION

The purpose of the Emergency Employment Act of 1971 is to provide unemployed and underemployed persons with transitional employment in jobs providing needed public services during times of high unemployment. Wherever feasible, related services--such as education, training, and counseling--are to be provided to enable workers to move into employment not supported by the act. The act authorizes appropriations of \$1 billion for fiscal year 1972 and of \$1.25 billion for fiscal year 1973.

On July 13, 1971, a day after signing the act, the President asked the Congress for an urgent appropriation of \$1 billion for implementing programs during fiscal year 1972. Less than a month after the President's request, the Congress, recognizing the immediate need to provide funds so that local governments would create new public service jobs, appropriated the requested funds.

Under section 5 of the act, funds are made available to employ unemployed and underemployed persons through the Public Employment Program and demonstration programs whenever the Secretary determines that the nationwide unemployment rate has been 4.5 percent or more for 3 consecutive months. As of August 1971 this criterion had been met, which permitted allocation of the \$750 million appropriated for section 5 programs during fiscal year 1972. The act authorizes appropriations of \$1 billion for programs under section 5 during fiscal year 1973.

Section 6 of the act establishes a Special Employment Assistance Program and authorizes appropriations of \$250 million each for fiscal years 1972 and 1973, to provide public service employment for unemployed and underemployed persons in areas which the Secretary of Labor determines have had a rate of unemployment of 6 percent or more for 3 consecutive months.

Section 7 of the act authorizes the Secretary of Labor to provide financial assistance pursuant to applications submitted by program agents and approved by the Secretary in accordance with the provisions of section 8 of the act. The applications are to set forth the agents' plans to meet the purpose of the act.

The act also requires that a program agent's application include specific assurances and information to indicate (1) that special consideration will be given to veterans of Indochina or Korea and that the jobs to be filled will afford sufficient prospects for advancement, (2) that the request for funds does not exceed 90 percent of the program's cost (unless waived by the Secretary under special circumstances), and (3) that the Governor of the State and officials of appropriate units of local government have had an opportunity to submit comments on the application to the program agent and to the Secretary.

Our review included an examination into (1) the legislative history relating to the act and the appropriation of funds for fiscal year 1972, (2) the procedures followed by program agents in preparing applications for full funding under the Public Employment Program, (3) the policies and procedures of the Department for reviewing and approving program agents' applications for full funding, and (4) pertinent program applications and Department, State, and local records. Although we inquired into the source of the data used by program agents in their applications, we did not review the methodology or the computations used in developing the data. During our review we interviewed representatives of the Department and officials of the program agents.

To obtain a fairly broad insight into the preparation and approval process, we reviewed the applications of 23 program agents representing seven States, eight counties, and 10 cities. Of the \$600 million allocated by the Secretary to fund about 91,000 jobs under the Public Employment Program, about \$139.8 million was allocated to the 23 program agents to fund about 21,700 jobs. The applications of these program agents were reviewed and approved by eight of the Department's 10 regional offices. (See app. I for a listing of the program agents and the Department of Labor regional offices.)

PREPARATION AND APPROVAL OF

PROGRAM AGENTS' PLANS

Applications for financial assistance under the Emergency Employment Act of 1971 may be approved only if the Secretary determines that the applications meet the requirements set forth in the act and in the Department's regulations and guidelines. To expedite approval of the applications, the Secretary delegated to the 10 Regional Manpower Administrators the responsibility for making the required determinations and for approving the applications.

Both the act and the Department's regulations and guidelines contemplated that the program agents' applications for financial assistance, in essence, would be their plans for implementing the employment programs authorized by the act.

CHRONOLOGY OF EVENTS

The Emergency Employment Act of 1971 was signed by the President on July 12, 1971. On August 9, 1971, the Congress appropriated \$1 billion for fiscal year 1972 to implement the act. On August 12, 1971, the Department of Labor announced the allocation of \$600 million to some 600 States, counties, and cities for the Public Employment Program.

During the period between the signing of the Emergency Employment Act of 1971 and the announcement of the fund allocations, the Department advised its Regional Manpower Administrators, through a series of workshops and training sessions, of the procedures for ensuring prompt implementation of the program.

On August 11, 1971, tentative guidelines for the Public Employment Program were completed. Regulations were published in the Federal Register 3 days later, and a revised comprehensive set of guidelines was issued on August 27, 1971, to help program agents develop and submit applications for funding.

Program agents were furnished with two sets of applications and instructions--the first set for the initial grant of funds which represented up to 20 percent of the total

allocation for the area and the second set for the remainder of the funds allocated to the area. These applications and instructions were to be available in the regional manpower offices by August 11, 1971.

The initial grant, when approved by a Regional Manpower Administrator, enabled the program agent:

1. To hire participants immediately.
2. To hire staff to implement the program.
3. To plan for the full program and to complete the application for the remainder of the funds.

By August 14, 1971, the first group of initial grants had been awarded. Under the Department's August 27, 1971, guidelines, the program agents were required to submit to the appropriate Regional Manpower Administrators applications requesting the remainder of the funds within 30 days after the approval of the initial grants.

The program agents also were responsible for (1) developing and administering effective programs to implement the act through careful planning and attention to the requirements and intent of the act and the Department's regulations and guidelines and (2) developing accurate background information on which effective and systematic program plans could be based. This information would include:

- Data on the number, locations, and characteristics of the unemployed, including groups having particularly severe problems.
- An assessment of the unmet needs for public services.
- Data on the availability of adequate administrative mechanisms for establishing jobs and for recruitment.
- An order of priorities among segments of the unemployed, public service needs, sections of the geographic area served, and eligible program applicants within an area.

Approval by a Regional Manpower Administrator of the application for full funding was to have the effect of modifying the initial grant to show the increase of funds and the expanded scope of work.

PREPARATION OF APPLICATIONS
FOR FULL FUNDING BY PROGRAM AGENTS

The program agents, in some cases, established special groups to obtain data and prepare the applications for full funding. We were advised by program agents that the preparation of the applications was given priority and that, in some cases, persons assigned to this task were required to work 7 days a week plus overtime.

To expedite preparation of the applications, the program agents generally received informal instructions and assistance from the Department through visits by or telephone conversations with Department representatives. As a result of this effort, most of the agents submitted their applications to the Department within 30 days after approval of the initial grant, although, as indicated below, the applications, in many cases, were incomplete.

AGENTS' PLANS WERE INCOMPLETE

Although all the applications included statements that the program agents agreed to plan and conduct their programs in accordance with the Department's regulations and guidelines, the applications nevertheless did not provide all the information called for in the regulations and guidelines and therefore did not meet the requirements of the act.

Department granted agents extensions to submit certain data

The Department recognized that its guidelines required the program agents to develop the backup data for the applications within a relatively short period of time and that this would be a difficult task for some agents. Therefore, on August 31, 1971, the Department's Washington, D.C., headquarters, in an effort to facilitate and expedite the preparation and approval of the applications, provided the program agents with a 30-day extension to submit data on (1) specific procedures for determining eligibility and for recruiting and selecting participants, (2) plans for training and supportive services, (3) plans for career development of participants, and (4) comparability of salaries to be paid to participants.

The Department's regional offices were authorized to approve the incomplete applications with the understanding that the program agents would submit the missing data to the regional offices for review within 30 days after approval of the full-funding applications.

Because of the extension, 12 of the 23 program agents in our sample did not include in their applications data on items 1 through 4 mentioned above. At the completion of our fieldwork, eight program agents still had not submitted the data, even though more than 30 days had elapsed after approval of the applications for full funding. As of February 2, 1972, most of the eight program agents had submitted this information.

Department of Labor officials advised us that, although certain items were missing from the applications, supplemental sources--such as the program agents' budgets, Equal

Employment Opportunity assurances, and consultations between the Department and program agents--had provided regional representatives with some insight into the program agents' implementation plans. Department officials also said that the program agents would be required to submit all the data which had been omitted because of the 30-day extension.

Agents did not submit certain data

We found that, in addition to not including items because of the extension, the applications did not include other data required by the act and by the Department's regulations and guidelines. These data included:

- Characteristics of the unemployed (age, race, or sex).
- Characteristics of the labor force (occupations, incomes, or skill levels).
- Estimates of the number of former manpower trainees, persons of limited speaking ability, older workers, youths, Indians, disadvantaged persons, and persons displaced by technological change.
- Descriptions and priority listings of public service needs.
- Names of governmental units and labor organizations commenting on the proposed plans.

COMMENTS FROM PROGRAM AGENTS
AND DEPARTMENT OF LABOR

Program agents told us that, aside from the information waived, some information had been omitted from the applications or had been incomplete because the sources relied upon to provide the data could not readily provide these data and, in some cases, would never be able to provide the data. Program agents used data, to the extent that they were available and useful, from the State employment security agencies, the Bureau of the Census, the Department of Labor's Bureau of Labor Statistics, local antipoverty and welfare groups, and county planning and civil service commissions.

Other reasons offered by program agents for the omission of data required by the act and by the Department's regulations and guidelines were that (1) they did not have enough time to prepare the data, (2) data did not appear necessary or were implied on the basis of other information, and (3) data were omitted because of oversight.

Program agents told us, however, that they viewed the full-funding applications as flexible working plans which would be modified as experience was gained in operating the programs.

The Department's regional representatives said generally that they considered the applications submitted by the program agents to be working documents, subject to modification. In addition, various regional representatives of the Department said:

- That the Department's Washington, D.C., headquarters considered getting the program under way as the highest priority and that any minor deficiencies noted during the regions' reviews of applications could be corrected after the programs were in operation.
- That headquarters exerted tremendous pressure on the regions to approve programs on target but that programs were approved only if they were considered acceptable and if they met minimum standards.
- That the submitted data on program and occupational descriptions were not given thorough reviews and were not checked for completeness of each of the required items due to the severe time constraints.

CONCLUSIONS

Because of several factors, including the Department's 30-day extension for submitting certain data and the time constraints placed on program agents, the applications approved by the Regional Manpower Administrators did not contain all the data required by the act and by the Department's regulations and guidelines.

Because the Regional Manpower Administrators approved these applications with the understanding that the missing data would be provided and because both the program agents and the Regional Manpower Administrators viewed the applications as working documents, subject to modification as conditions warranted, we believe that our Office would not be warranted in holding that the Department had not acted in accordance with the intent of the act.

The program was of an emergency nature, and the Department, recognizing this, placed high priority on getting it under way in as short a time as possible so that unemployed persons could be placed promptly in jobs. We doubt that the Department could have achieved this objective without undesirable delays if it had required program agents, in each instance, to include all the required data in the applications prior to their approval.

Department officials said that the Department did assess the possible effects of proceeding without all the required information but felt that the effects would be minimal and correctable.

Some problems in program implementation might occur because the Department allowed certain program agents to proceed without having submitted all the data required to adequately support and plan their programs. The severity of such problems might be reduced, however, if the Department (1) required prompt submission of missing data by program agents, (2) reviewed the adequacy of the data, and (3) required the agents to make any changes necessary to ensure that the program is implemented in accordance with the requirements and objectives provided in the act.

