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Department Of Defense
Participation In The Summer
Employment Program, Project
Hire, And Project Value B-761939

Department of Defense

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

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DEC.31.1970



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

B-161939

Dear Mr. Langen:

This is in reply to your letter of March 30, 1970, in which you asked us to inquire into the following question.

"***to what degree is the DOD involved in combating domestic "social ills"--could this mean the possible expenditure of funds in ways which are poorly related to the basic requirements of national security?***"

On July 31, 1970, we discussed with your office the information which we had obtained from the Department of Defense (DOD) concerning programs which contribute in some manner to combating domestic "social ills."

After reviewing our analysis of the information, your office asked us to concentrate our efforts on the Summer Employment Program for Youth, Project Hire, and Project Value and to provide you with the details of these three programs.

A brief narrative describing each of the programs and the Department's involvement is enclosed. We obtained the information contained in the narratives from officials of the Departments of Defense and Labor, the Civil Service Commission, and the Bureau of Indian Affairs.

We have not followed our usual practice of obtaining comments from the agency; however, copies of this letter are being sent to the Secretary of Defense. We plan to make no further distribution of this report unless copies are specifically requested, and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning the contents of the report.

We are preparing a separate report in response to your question concerning reductions in the DOD budget for public relations activities.

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We trust that this information is responsive to your need.
If we can be of further assistance, please let us know.

Sincerely yours,

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

Comptroller General
of the United States

Enclosure

The Honorable Odin Langen
House of Representatives

SUMMARY OF THE RESULTS OF GAO INQUIRY INTO DOD'S
PARTICIPATION IN THE SUMMER EMPLOYMENT PROGRAM,
PROJECT HIRE, AND PROJECT VALUE

FEDERAL SUMMER EMPLOYMENT PROGRAM FOR YOUTH

The annual Federal Summer Employment Program for Youth has been in existence since its announcement by the President of the United States on May 21, 1965, as the Youth Opportunity Campaign. The Summer Employment Program operates on a Government-wide basis, and the Department of Defense (DOD) has been an active participant each year since the program's inception. The program includes most temporary jobs that begin after May 12 and end before October 1 of the same year.

The objectives of the Federal Summer Employment Program, stated in the Civil Service Commission bulletin, are to accomplish needed agency work through temporary employment of youth and to set an example for employers throughout the United States to hire our Nation's young people in meaningful employment.

Recruiting summer employees may be accomplished in the following ways.

1. Summer Employment Examination Plan.
2. Agency-administered merit plans.
3. Summer Aid Program.

The Summer Employment Examination Plan covers substitute clerk-carrier jobs (PFS-5) in the Post Office Department and jobs in grades GS-1 through GS-4, or the equivalent, in specified categories in all Government agencies. The competitive examination is open each year from mid-October until late January. Eligibility is based on a general learning ability test and on appropriate education and experience. Eligible applicants must be at least 18 years of age, or at least 16 years of age and a high school graduate, and meet other suitability requirements. Eligibles are referred to agencies on a competitive basis and receive temporary appointments not to exceed 700 hours.

Summer jobs at grades GS-5 and above, trade and labor jobs, and jobs at grades GS-1 through GS-4 which are excepted from the Summer Employment Examination Plan must be filled through an agency-administered merit plan. Applicants for these positions must be at least 16 years of age and must apply directly to the hiring agency.

The Summer Aid Program is designed to provide meaningful work for educationally and economically disadvantaged young people who might not otherwise have the opportunity to obtain summer jobs. The duties of summer aid positions are routine and require no specific knowledge or skills. Applicants must be 16 through 21 years of age and must be certified as disadvantaged, generally by the local office of the State employment service, on the basis of criteria issued by the Civil Service Commission. Eligibles are hired under the excepted authority, section 213.3102(v) of schedule A, as authorized in the Commission's Federal Personnel Manual.

For the last three summers, the President has asked Federal departments and agencies to hire one needy youth for every 40 regular employees. This quota may be met through the appointment of summer aids or through the conversion to full-time employment of youths employed part-time during the school year under the Stay-in-School Campaign.

Summer employees recruited under the first two plans are counted against agency personnel ceilings. During the last three summers, the Bureau of the Budget (now the Office of Management and Budget) has agreed that youths employed under the Summer Aid Program should not be counted against agency personnel ceilings but has stipulated that no more than 70,000 summer aids be appointed within the Federal establishment without charge to the ceilings. The Civil Service Commission is responsible for monitoring the Summer Aid Program employment level each year.

DOD hires under all three plans, but agency officials estimate that 75 to 80 percent of the youths that they hire are disadvantaged and are hired under the Summer Aid Program. These positions are excepted positions and not counted against the ceiling. DOD's participation in the program in 1968 and 1969 and the projected figures for 1970, according to DOD officials and reports obtained from the Civil Service Commission, are as follows:

<u>Fiscal year</u>	<u>Total hires</u>	<u>Disadvantaged hires</u>
1968	68,000	48,600
1969	53,200	42,000
1970	44,500	36,700

Program costs

The Federal Summer Employment Program is managed by existing DOD staffs. The DOD accounting system does not provide for an accumulation of the costs for this program separately from regular DOD program operating costs. Consequently, DOD could not identify the costs for staff salaries, travel, supplies, and equipment applicable to the summer program. DOD officials have informed us that, although complete salary data on summer employees is not available, it is estimated that the salary costs for the 42,000 disadvantaged youths hired in 1969 were \$26.3 million. There were no projected cost estimates available for the 1970 summer program.

PROJECT HIRE

The Bureau of Indian Affairs, Department of the Interior, sponsors an employment assistance program for disadvantaged Alaskan natives, which it calls the Alaska Federal Hire Program. The program began in December 1968 and involves Federal departments and agencies operating in Alaska. The participation of DOD in this program is called Project Hire.

Agencies participating in the Alaska Federal Hire Program provide training and work experience designed to prepare enrollees for future employment in the Federal service. The enrollee is provided with subsistence for himself and his family, which is paid by the Bureau of Indian Affairs. Under DOD's Project Hire, the enrollees are employed and paid by DOD while undergoing training. Subsistence, however, is paid by the Bureau until the enrollees receive their first pay checks from DOD.

This arrangement was worked out in cooperation with the Department of Labor because the low subsistence payments were attracting very few native candidates to the DOD training program. Also, DOD, in spite of being the largest Federal employer in Alaska, was interested in attracting native candidates because the number of natives employed at DOD installations, in proportion to the native population, was very low.

Project Hire is a cooperative effort on the part of DOD, the Department of Labor, and the Bureau of Indian Affairs, to reach out and recruit disadvantaged Alaskan natives, to move them with their families to areas of employment, to hire them in entry-level trainee positions at selected DOD installations in Alaska, and to provide them with remedial education and on-the-job training leading to permanent employment and career progression at these installations.

The project was conceived as a continuous program and was designed to provide for an intake of 200 Alaskan natives each year--equivalent to about 50 percent of the estimated annual attrition in entry-level jobs at DOD installations in Alaska. The project intake is to continue until such time that the proportion of Alaskan natives in Defense employment approximates a reasonable proportion of employable natives as determined by the Project Hire Headquarters Committee in Washington, D.C. This committee includes representation from the offices of the Secretaries of Defense and the Army, Navy, and Air Force; Department of Labor; Bureau of Indian Affairs; and Civil Service Commission.

To conduct Project Hire, DOD was authorized 200 temporary trainee positions which were exempted from Federal manpower ceiling limitations by the Bureau of the Budget. Project Hire is under the overall coordination of Headquarters, Alaska Command. DOD officials have informed us that the project is administered by a full-time DOD coordinator and a secretary, who are employed by the Department of the Air Force at Headquarters, Alaska Command. Each of the military departments has a component coordinator who works with the DOD coordinator.

The Department of Labor contracted with the Division of Manpower Training, State of Alaska, to carry out Labor's portion of the Project Hire agreement by providing training for supervisors of trainees, special skill training, and remedial education for trainees.

The Bureau of Indian Affairs portion of the Project Hire agreement involves recruitment, transportation, and subsistence and is administered by the Juneau Area Office of the Bureau.

Project Hire began enrollment in January 1970 and operates on a continuing basis. The following table shows the enrollment status of Project Hire as of June 30, 1970, according to a project progress report obtained from DOD officials for fiscal year 1970.

<u>Defense component</u>	<u>Input</u>	<u>Dropouts/ Separations</u>	<u>Conversions</u>	<u>On board</u>
Army	101	38	5	58
Navy	6	-	-	6
Air Force	<u>137</u>	<u>55</u>	<u>7</u>	<u>75</u>
Project Totals	<u>244</u>	<u>93</u>	<u>12</u>	<u>139</u>

Although there were only 12 enrollees converted to positions of regular employment on DOD installations, 5 conversions occurred during the month of June. Since the program was in operation for only about 6 months as of June 30, 1970, and since the programmed training period prior to conversion was scheduled for 9 months, it appeared that conversions should increase as the program progresses.

Program Costs

DOD officials informed us that the actual cost for salaries and fringe benefits of Project Hire enrollees for fiscal year 1970 was \$563,500 and was projected at \$1,403,000 for fiscal year 1971. These costs include the salaries of 2 DOD employees who are assigned to coordinate the project.

The principal source of recruitment is through the Bureau of Indian Affairs, augmented by the State employment service and the Civil Service Commission. Recruiting costs for Project Hire are not identifiable since the recruiting is part of the Bureau's regular recruiting for all employment programs. Bureau officials, however, informed us that they paid Project Hire enrollees an estimated \$15,300 in transportation costs and about \$61,200 in subsistence costs during fiscal year 1970.

The Department of Labor entered into a contract with the Division of Manpower Training, State of Alaska, in August 1969 to carry out the Department's portion of Project Hire. The estimated contract cost for the period November 3, 1969, to September 30, 1970, was \$221,754.

PROJECT VALUE

Project Value was a cooperative effort on the part of the Departments of Defense and Labor to provide remedial education and on-the-job training to disadvantaged young men and women, leading to permanent employment and career progression at DOD installations.

The project was conceived as a one-time program and was designed to enroll 5,625 participants in 41 metropolitan areas, or about 18 percent of the estimated annual attrition in entry-level jobs at DOD installations in these areas. The project was to start in January 1969; one half of the participants were to be enrolled by March 31, 1969, and the full complement, by June 30, 1969. The Department of Labor designated either the Concentrated Employment Program or, in the absence of this program, the Neighborhood Youth Corps Program as the manpower

program sponsor for Project Value in each of the 41 metropolitan areas. Responsibility for DOD coordination of Project Value in the 41 selected metropolitan areas was distributed among the Defense components as follows:

Army	13
Navy	11
Air Force	13
Defense Supply Agency	<u>4</u>
Total	<u>41</u>

A Project Value status report obtained from the Civil Service Commission showed that as of March 31, 1969, only 1,570 participants had been enrolled (about 28 percent rather than the planned 50 percent). This report cited problems in locating potential enrollees, in availability of Department of Labor funding, and in identification of permanent positions to which enrollees could be converted upon completion of training. In view of the slow start, the enrollment phase of the project was extended into fiscal year 1970.

The Project Value Monthly Report for May 1970, which was the most current one available at the time of our inquiry in August 1970, showed that 3,483 enrollees had voluntarily or involuntarily separated from the project, 1,097 had converted to permanent employment, and 310 were currently enrolled. Although DOD monthly reports varied slightly in the total number of enrollments, it appeared that the total enrollment as of May 31, 1970, approached 5,000.

This project was terminated as of June 30, 1970, and we were informed by DOD officials that all remaining enrollees were either separated from the project or converted to permanent positions during July 1970. More recent data on the number of converted participants still employed by DOD installations is unavailable.

Program costs

DOD officials advised us that salaries for program coordinators and counselors totaled \$818,000--approximately \$327,000 for fiscal year 1969 and \$491,000 for fiscal year 1970. We were informed that the majority of the coordinators and counselors had been hired by DOD on a temporary basis for the period of the project. Some permanent DOD employees, however, were transferred to the project from other duties.

Department of Labor officials have advised us that costs incurred by the Concentrated Employment Program and the Neighborhood Youth Corps Program--sponsors for wages and supportive and other services for Project Value enrollees--are not distinguished from other costs incurred by the two sponsors. Therefore specific Department of Labor cost information on Project Value is not available.

During the on-the-job training period, the salaries of enrollees in Project Value were paid by the Department of Labor through the manpower program sponsor. DOD assumed salary responsibility after the successful enrollees were converted to permanent employment on a DOD installation. The training period was programmed for 9 months, although some enrollees were converted prior to the end of the 9-month period. The Department of Labor pay rates ranged from \$1.40 an hour for the first 2-week period to \$1.60 an hour after 6 months of training.

The Civil Service Commission had no identifiable program-related costs since its responsibilities were primarily to supplement Department of Labor recruitment through the Worker-Trainee Register and to convert successful Project Value enrollees to permanent employment through the Worker-Trainee Register. Both of these responsibilities are standard Civil Service Commission operations.