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UNITED STATES
GENERAL ACCOUNTING OFFICE

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SEP 3 1976

LIBRARY SYSTEM

Public Service Employment In Southwestern New York State

Department of Labor

GAO reviewed the use of public service employment funds under the Comprehensive Employment and Training Act by the Chautauqua Consortium, which is composed of the counties of Chautauqua, Cattaraugus, and Allegany in southwestern New York.

The system used by the Chautauqua Consortium for selecting program participants needs to be improved. GAO recommendations pertain to:

- Making selective verifications of data on application forms.
- Taking appropriate action regarding amounts paid for ineligible participants.
- Establishing a system to insure that target groups receive special considerations.

HRD-76-135

SEPT. 2, 1976

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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

B-163922

The Honorable
The Secretary of Labor 9

Dear Mr. Secretary:

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(R)

We have reviewed the use of Federal public service employment funds by the Chautauqua Consortium which is composed of the counties of Chautauqua, Cattaraugus, and Allegany in southwestern New York State. These funds are authorized under the Comprehensive Employment and Training Act of 1973 (CETA), as amended (29 U.S.C. 801). The review was made at the request of former Congressman James F. Hastings. *all...*

We examined (1) the allocation of funds and jobs within the consortium area, (2) the timeliness and numbers of jobs filled as a result of this funding, (3) the adequacy of procedures used for selecting those hired, (4) whether the jobs resulted in the substitution of Federal funds for other funds in connection with work that would otherwise be performed, and (5) the type of work performed by program participants and whether those participants were moving into unsubsidized employment.

Our review covered public service employment authorized under titles II and VI of CETA. We reviewed the legislative history of the act, applicable regulations, budgetary and financial records, personnel records, correspondence, minutes of planning council meetings, and other data. We held discussions with Department of Labor, labor union, State, and local officials and interviewed selected program participants and their job supervisors.

Fieldwork was performed at the prime sponsor's location (the Chautauqua Consortium) during 1975. Generally, the review included public service employment activities for the year which ended June 30, 1975. Some work was performed in all three counties; however, most of the audit effort was in Chautauqua County.

2 Our review showed that the New York State Department of Labor, through gerrymandering, delineated the area qualifying for assistance to include as many unemployed persons as possible, thus increasing the total unemployment figure and the area's share of available funds. (However, an apparent error resulted in the consortium receiving an estimated \$147,000 less than intended.)

For the fiscal years 1974-76, over \$4 million was allocated to the consortium for public service employment. Jobs were allocated to public and nonprofit agencies throughout the three-county consortium. The filling of jobs was slower than planned until January 1975 when the consortium essentially met its job goals. During December 1974, Labor's New York regional officials advised prime sponsor officials that, unless the positions were filled and the funds spent, the prime sponsor's title VI funds due in January 1975 might be jeopardized.

The consortium did little to verify the data on enrollees' applications. Of 20 participants we randomly selected, 3 failed to meet the act's eligibility requirements.

Target groups were generally hired according to plan. However, the prime sponsor's selection procedures did not include a system to insure that special consideration was given to target groups as the act requires. The continued lack of a system could lead to problems in the future.

It appeared that the consortium did not rehire any former public employees. The jobs filled covered a wide range of skills and job fields. Over 50 percent of the participants who left the program found jobs in nonfederally subsidized employment in both the public and private sectors.

BACKGROUND

CETA was enacted December 28, 1973, to provide job training and employment opportunities for economically disadvantaged, unemployed, and underemployed persons through a flexible and decentralized system of Federal, State, and local programs. It is divided into seven titles, two of which authorize the bulk of funds for public service employment.

Title II, "Public Employment Programs," provides unemployed and underemployed persons with transitional employment in public service jobs in areas qualifying for assistance, as defined by the act and Labor's regulations. Title VI, "Emergency Job Programs," added on December 31, 1974, by the Emergency Jobs and Unemployment Assistance Act of 1974 (29 U.S.C. 961), has the same basic objectives as title II, although it is directed more toward being an emergency program to reduce unemployment.

ALLOCATION OF FUNDS

The act requires that 80 percent of the title II funds be allocated based on the number of unemployed persons residing in areas qualifying for assistance ^{1/} in relation to the total unemployed in all such areas approved for funding. The act provides that the remaining 20 percent be distributed by the Secretary of Labor, taking into account the severity of unemployment in these areas.

Labor stipulated that an area qualifying for assistance must (1) have an unemployment rate of at least 6.5 percent for 3 consecutive months, (2) be a discrete identifiable area, and (3) be contiguous. Labor required that the three consecutive months fall within the period June 1973 through April 1974 for fiscal year 1974 allocations and June 1973 through July 1974 for fiscal year 1975 allocations.

In New York, the State Department of Labor delineated such areas. For the Chautauqua Consortium, State officials used the 3-month period January to March 1974 to calculate the base for fiscal year 1974 and February to April 1974 for fiscal year 1975 title II allocations. The components, or building blocks, used to define the consortium's qualifying area were cities and towns.

Because funds are allocated based on the relative number of unemployed persons in each area, the more unemployed persons counted in a qualifying area, the larger would be that area's share of available funds.

^{1/}CETA originally referred to "areas of substantial unemployment" under title II, but this phrase was changed to "areas qualifying for assistance" for most purposes when title VI was added.

A State official said the department attempted to increase funding by maximizing the number of unemployed persons living in the area qualifying for assistance. To do this, the department first identified all cities and towns in the consortium with unemployment rates of at least 6.5 percent. (See map on p. 5.) Using Labor's statistics and the State Department of Labor methodology, we reconstructed the process by identifying 1 city (Salamanca) and 30 towns 1/ with individual estimated unemployment rates of 6.5 through 14.3 percent in March 1974. 2/ They contained 2,151 unemployed persons and had a composite estimated unemployment rate of 8.6 percent. However, these 31 units were not all contiguous.

Because these 31 jurisdictions had a combined unemployment rate of more than 6.5 percent, additional jurisdictions with lower unemployment rates were added to increase the number of unemployed persons living within the designated area, keeping the overall unemployment rate at 6.5 percent or above.

To increase the number of unemployed persons while making the various jurisdictions contiguous, another city (Jamestown) and 23 more towns with individual estimated unemployment rates from zero through 6.4 percent were added to the qualifying area. This increased the unemployment total to 4,444 persons and provided an overall estimated unemployment rate of 6.5 percent.

The consortium's qualifying area was the same for fiscal years 1974 and 1975 funding. For fiscal year 1976 the entire consortium area had an unemployment rate over 6.5 percent and was thus defined as an area qualifying for assistance.

1/Dunkirk City was inadvertently omitted. (See p. 7.)

2/March 1974 had the lowest unemployment rate of the qualifying area's 3 qualifying months for fiscal year 1974 funds (January 1974, 6.6 percent; February 1974, 6.9 percent; March 1974, 6.5 percent) and, therefore, would most likely reduce the overall unemployment rate to less than 6.5 percent through the addition of low-unemployment towns. For fiscal year 1975 funding, the qualifying months were February, March, and April 1974; the unemployment rate for April was 6.5 percent.

Title II discretionary funds for both fiscal years 1974 and 1975 were allocated by the Secretary of Labor in the qualifying area where unemployment exceeded 6.5 percent of the labor force. Because the qualifying area's rate was equal to 6.5 percent for both years, the consortium received no discretionary funds either year.

The consideration of an area having an unemployment rate of at least 6.5 percent for three consecutive months is not as critical for title VI funds because only 22.5 percent of the funds are allocated based on unemployment in such areas. Forty-five percent of title VI funds are allocated among prime sponsors according to the number of unemployed persons who reside within the entire jurisdiction of each prime sponsor, and 22.5 percent are based on unemployment in excess of 4.5 percent of the labor force compared to all such areas in all the States. The act leaves the distribution of the remaining 10 percent to the discretion of the Secretary of Labor, who must take into account changes in rates of unemployment.

Labor required that fiscal year 1975 title VI allocations be based on more current unemployment rates than those required for title II allocations. As a result of lower unemployment rates in the qualifying period, only 1 city and 20 towns in Cattaraugus County were included in the constructed areas with an unemployment rate of at least 6.5 percent for 3 consecutive months. As in title II allocations, fiscal year 1976 title VI allocations were made on the basis of the entire consortium area because it had an unemployment rate over 6.5 percent.

Both title II and title VI funds were distributed to the three county governments based upon their proportion of unemployment in the consortium.

<u>County</u>	<u>Fiscal years 1974-76</u>		
	<u>Title II</u>	<u>Title VI</u>	<u>Total</u>
Chautauqua	\$ 625,014	\$1,349,771	\$1,974,785
Cattaraugus	422,759	958,999	1,381,758
Allegany	203,299	492,585	695,884
Total	<u>\$1,251,072</u>	<u>\$2,801,355</u>	<u>\$4,052,427</u>

Omission of Dunkirk City

One jurisdiction--Dunkirk City--with an unemployment rate of 7.5 percent was excluded from the description of the qualifying area, and its unemployed persons were excluded by the State Department of Labor when the total unemployed for the area were counted. This apparent oversight may have occurred because Chautauqua County has both a city and a town named Dunkirk. Had Dunkirk City been included, the area qualifying for assistance would have had 511 more unemployed persons and an average unemployment rate of 6.6 percent.

In addition, including Dunkirk City and using gerrymandering, three other jurisdictions (Olean City and the towns of Otto and Persia) could have been added. This would have provided the minimum qualifying 6.5 percent and increased the number of reported unemployed by 527, for a total increase of 1,038. We estimate that the consortium's fiscal years 1974 and 1975 title II allocations would have been increased by about \$147,000 had the four additional jurisdictions been included in the qualifying area. A State Department of Labor official could not explain why Dunkirk City was excluded from the qualifying area.

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A previous GAO report to the Congress 1/ showed that, in some cases, Labor's requirement that areas qualifying for assistance be discrete identifiable areas with unemployment rates of 6.5 percent or above was strictly followed. In other cases, qualifying areas were delineated to include as many unemployed persons as possible, thus increasing their funding allocation through gerrymandering. We recommended that Labor reconsider its definition of qualifying areas to insure that funds would be distributed equitably, and Labor said that it was taking corrective action.

ALLOCATION OF JOBS

The act states that jobs will be allocated equitably to local governments and educational agencies within the area to be served, taking into account the number of unemployed within the jurisdictions and the agencies' needs.

1/"Progress and Problems in Allocating Funds Under Titles I and II--Comprehensive Employment and Training Act," MWD-75-22, Jan. 2, 1976.

The consortium allocated funds to each of the three counties based on the number of unemployed within each county in proportion to the entire area qualifying for assistance. The jobs were selected by each county from requests by eligible agencies. Supporting data provided by the agencies included the ways the jobs would answer unmet public needs or expand present services, the chances for retention in future budgets, and the job descriptions and duties. Jobs were allocated to State, county, city, town, public school, and nonprofit agencies throughout the three county consortium.

TIMELINESS OF PARTICIPANT ENROLLMENTS

Each prime sponsor must submit a comprehensive manpower plan to Labor for approval. Labor's regional offices are responsible for reviewing and approving the plans as well as the modifications. Prime sponsors also must submit monthly performance reports to Labor showing the number of positions filled in relation to the number of positions planned.

According to data reported as of December 31, 1974, the consortium had filled 69 percent (or 86) of its 125 planned title II positions. Cattaraugus and Allegany Counties had substantially met their enrollment goals, and Chautauqua County had filled 55 percent (or 35) of its 64 planned positions. According to prime sponsor officials, the delay in filling the title II positions in Chautauqua County was caused by a lack of experience in the CETA public service employment program.

Officials in Labor's New York regional office recognized that all of the positions were not filled by the various prime sponsors in their region. During December 1974, these officials advised prime sponsors in the region that unless the positions were filled and the funds spent, the prime sponsors' title VI funds due in January 1975 might be jeopardized.

By January 31, 1975, Chautauqua County had enrolled enough participants so that the consortium had filled 107 percent of its planned title II positions. Also, by that date it had filled 77 percent of the planned title VI positions.

Details are shown below for positions planned and filled by the consortium under titles II and VI by June 30, 1975.

<u>County</u>	<u>Title II</u>		<u>Title VI</u>	
	<u>Planned</u>	<u>Filled</u>	<u>Planned</u>	<u>Filled</u>
Chautauqua	64	66	36	32
Cattaraugus	41	45	46	83
Allegany	<u>20</u>	<u>18</u>	<u>12</u>	<u>12</u>
Total	<u>125</u>	<u>129</u>	<u>94</u>	<u>127</u>

According to procedures set forth in Labor regulations, an increase of 15 percent or more in the number of participants over the number planned permitted prime sponsors to submit a plan modification. 1/ The excess in the number of jobs filled by the prime sponsor (see chart above) was primarily in Cattaraugus County positions not listed in the modified comprehensive plan. Since the prime sponsor had substantially exceeded its planned enrollments under title VI as early as April 30, 1975, a plan modification could have been submitted to Labor for approval. None was, but the fiscal year 1976 title VI plan listed most of the additional positions.

ADEQUACY OF PROCEDURES USED TO SELECT PARTICIPANTS

Eligibility

The act states that persons who are unemployed for at least 30 days or underemployed 2/ are eligible to participate in the program if they live in the area qualifying for assistance. In areas in which the unemployment rate exceeds 7 percent, persons are eligible under title VI if unemployed for at least 15 days.

The three counties had their own systems but used similar procedures to select participants. Applicants became aware of the program through various sources--newspaper advertisements, the State Employment Service, and local community agencies. All three counties compiled lists of eligible applicants for specific job openings. Based on these lists, hiring officials selected persons for the jobs. In Chautauqua and Cattaraugus Counties the heads of the department or office with the job

1/Current Labor regulations require a plan modification in these circumstances.

2/Labor regulations define an underemployed person as one who is working part-time but seeking full-time work or who is working full-time but receiving wages, in relation to his or her family size, below the poverty level.

vacancies made the final selections; in Allegany County the manpower director made the final selections. Hiring officials said the persons selected were usually the individuals whom the department or office head believed to be the most qualified for the job.

On the basis of our detailed verification of the eligibility of 20 randomly selected participants hired under titles II and VI, we concluded that 3 individuals failed to meet the eligibility requirements. The ineligible participants had not been unemployed for at least 30 days (the period required for these cases) when they applied. One participant had been unemployed 28 days; another 9 days; and the third, 23 days.

We brought this to the attention of Labor officials, who attributed the mistakes to the pressures to quickly enroll participants. All three participants were laborers, two in Cattaraugus County and one in Chautauqua County. By June 30, 1975, one laborer was still in the program; another had been hired by his County's Highway Department, a nonfederally subsidized position; and the third left the program in March 1975.

The consortium provided minimal verification of the eligibility requirements for people hired under the program. Eligibility was generally determined by examinations of the individuals' application forms. Applicants selected for Chautauqua County positions were then required to sign written declarations that they were legal residents of the area qualifying for assistance and that they had been unemployed for at least 30 days or were underemployed. Successful applicants in Cattaraugus County signed a similar form.

Special considerations

The act provides that grant applications shall include assurances that special consideration will be given to specific target groups, such as unemployed Vietnam-era veterans, and to unemployed persons who are severely disadvantaged in terms of the length of time of unemployment and their prospects for finding employment without assistance. Title VI of the act provides that special consideration should also be given to unemployed persons who (1) have exhausted their unemployment insurance benefits, (2) are ineligible for unemployment insurance benefits, or (3) have been unemployed 15 weeks or more.

The consortium made assurances of special consideration in its grant applications and identified the special consideration target groups and planned enrollments for these groups. By June 30, 1975, the consortium reported that actual enrollments generally exceeded planned enrollments for the identified target groups.

However, our examination of the filling of title II and VI public service positions showed no evidence of a system to insure that target groups specified in the act receive special consideration. For example, an underemployed non-veteran who recently graduated from college was selected over an eligible veteran who had been unemployed for about 1 year and three other eligible applicants who had been unemployed for 12 weeks or more. Our examination of the files and discussions with hiring officials showed that the ability to best perform the job was the overriding criteria for selection once residency and unemployment criteria were met.

SUBSTITUTION OF FEDERAL FOR LOCAL FUNDS

The act states that public service jobs shall only be in addition to employment which would be financed by the prime sponsor without CETA assistance. To assure this, the act provides that a public service employment program shall (1) result in an increase in employment opportunities over those which would otherwise be available, (2) not result in the displacement of currently employed workers, (3) not impair existing contracts for service or result in the substitution of Federal funds for other funds in connection with work that would otherwise be performed, and (4) not substitute public service jobs for existing federally assisted jobs.

Based on limited work, we conclude that the consortium's public service jobs were in addition to employment available without CETA assistance. The prime sponsor reported on its monthly progress reports that it had not enrolled previous employees. Our verification of the employment history reported on job applications of the 20 randomly selected participants hired under the program showed no evidence that any were rehires.

According to consortium officials, the public service jobs created and filled were in addition to those already budgeted and did not replace any service contracts already in effect. To assure that employing agencies do not replace budgeted positions with CETA funds, consortium officials

obtain a written agreement stating that the funds are for additional jobs or visit the employing agencies to discuss the proposed public service jobs.

Union officials in the consortium area said that they know of no instance in which CETA participants had replaced civil service workers. We were also told that no county workers in any of the three counties had been laid off since the CETA program was initiated.

TYPES OF WORK PERFORMED

The act provides that funds shall only be used to fulfill unmet public service needs. The act adds that program emphasis shall be on transitional employment--jobs likely to lead to regular unsubsidized employment or opportunities for continued training.

As of June 30, 1975, the consortium had served 356 participants, including 256 active enrollees and 100 individuals who left the program. The positions went to State, county, local government, educational, and nonprofit agencies within the consortium area and included jobs such as laborer, typist, clerk, and teacher in such fields as education, public works, health, law enforcement, and general administration.

Of the 100 people who left the program, 53 went into regular nonfederally subsidized employment. This included 36 placements by the consortium and 17 self-placements. Of the remaining 47, 39 returned to the unemployment rolls and 8 went to school, the military, or other training programs.

CONCLUSIONS

The system used by the Chautauqua Consortium for selecting program participants needs to be improved. Of primary concern is the rate of ineligible participants found in our sample. We believe that more careful review of job applications and at least selective verification of eligibility data on the application forms are needed to alleviate this problem. Also, Labor should adjust the prime sponsor's grant for amounts paid to the ineligible participants shown in our sample.

The selection system should also be improved to insure that target groups are given the special consideration outlined in the act. The consortium has met its goals in this area. However, the continued lack of a system to insure that

special target groups are served could lead to problems in the future.

RECOMMENDATIONS

We recommend that the Secretary of Labor:

- Take appropriate action regarding the amounts paid to ineligible participants found in our review.
- Require the prime sponsor to make selective verifications of the data on application forms for both present and prospective participants to insure that only eligible persons are enrolled in the program.
- Encourage the prime sponsor to establish a system to insure that target groups specified in the act receive special consideration.

LABOR AND PRIME SPONSOR COMMENTS

Labor agreed with our first recommendation (see app. I) and said that its regional office in New York City will review the specific cases cited in the report and require a refund from the Chautauqua Consortium, where appropriate. The Chautauqua Consortium (see app. II) questioned the liability of the prime sponsor for enrolling participants who certify their eligibility.

Labor disagreed with our second recommendation saying that it does not require, nor does it plan to require, later verification of information provided by program participants. However, Labor and the prime sponsor said that, as a result of our review, the Chautauqua Consortium is, on a sample basis, verifying information on the length of unemployment of program participants.

When eligibility problems are identified, as was the case for the Chautauqua Consortium, we believe that selective verifications should be made to insure that the act's eligibility requirements are met. In fact, sound management calls for spot-check verifications until Labor and the prime sponsor are satisfied that only eligible participants are enrolled in the program.

Regarding our third recommendation, Labor said that, in response to our review, a system was being instituted by the prime sponsor that will insure that target groups, identified in the plan will be served.

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As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on action taken on our recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

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Copies of this report are being sent today to the House and Senate Committees on Government Operations and on Appropriations; Senator Jacob T. Javits; Congressman Stanley N. Lundine; former Congressman James F. Hastings; the Chautauqua County Executive (the consortium prime sponsor's chief official); and the Director, Office of Management and Budget.

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We wish to acknowledge the courtesy and cooperation extended by your staff to our representatives during the review.

Sincerely yours,


Gregory J. Ahart
Director

U.S. DEPARTMENT OF LABOR
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON

25 JUN 1976

Mr. Gregory J. Ahart
Director
Manpower and Welfare Division
U.S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Ahart:

This is in response to your letter of May 19, 1976, to the Secretary, transmitting a proposed report, titled Public Service Employment in Southwestern New York State. The report deals with the use of public service employment (PSE) funds by the Chautauqua Consortium in New York State authorized under titles II and VI of the Comprehensive Employment and Training Act (CETA) of 1973, as amended. The comments are keyed to specific recommendations contained in the report.

1. (p. 16) "We recommend that the Secretary of Labor take appropriate action regarding the amounts paid to ineligible participants shown in our review."

Comment: Concur. The Employment and Training Administration's regional office in New York City has advised us that it will review the specific cases cited in the report and require a refund from the Chautauqua Consortium, where appropriate.

2. (p. 16) "We recommend that the Secretary of Labor require the prime sponsor to make selective verifications of the data on application forms for both present and prospective participants to insure that only eligible persons are enrolled in the program."

Comment: Disagree. Section 96.25 of the Secretary's regulations, published in the Federal Register on April 9, 1976, provides guidance to prime sponsors regarding the selection of participants and the documentation needed to determine eligibility. The Department does not require, nor does it plan to require, subsequent verification of information provided by program participants. However, we have been advised by our New York Regional Office that as a result of the GAO study, the Chautauqua Consortium is, on a sample basis, performing verification of information relative to length of unemployment for program participants.

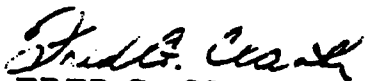
3. (p. 16) "We recommend that the Secretary of Labor encourage the prime sponsor to establish a system to insure that target groups specified in the act receive special consideration."

Comment: Concur. Section 96.14 of the regulations requires that prime sponsors, in developing its grant application, shall describe a plan for providing services to significant segments, and disabled, special and recently discharged veterans, welfare recipients, and former manpower trainees. The Department of Labor does not prescribe a specific method for ensuring equitable provision of services to significant segments. Rather, the prime sponsor is responsible for instituting an acceptable method tailored to his own specific needs and resources.

In response to the GAO report, the Chautauqua Consortium has instituted a system that will insure that target groups, identified in the plan, will be served.

We appreciate the opportunity to comment on this report. If my office can be of further assistance to you, feel free to contact me.

Sincerely,



FRED G. CLARK
Assistant Secretary for
Administration and Management

GAO note: Page references in this appendix refer to the draft report and do not necessarily agree with the page numbers in the final report.



CHAUTAUQUE COUNTY

(716) 753-7111

JOSEPH GERACE
Executive

July 12, 1976

Mr. Gregory J. Ahart, Director
United States General Accounting Office
Manpower and Welfare Division
Washington, D. C. 20548

Dear Mr. Ahart:

There are three areas in the draft report of the General Accounting Office on Public Service Employment in southwestern New York State which deserve comments:

1. The fact that Chautauque Consortium received \$147,000 less in Title II funds than it should have received
2. Enrollee eligibility verification
3. Methods of insuring service to significant segments.

Item 1. \$147,000 Error

The New York State Department of Labor apparently omitted the City of Dunkirk in determining the number of unemployed for Title II allocation purposes. The apparent oversight appears to have resulted in the Chautauque Consortium and its unemployed residents receiving approximately \$147,000 less than the amount to which it would have been entitled. I feel this additional funding should be made available to the Consortium. It can and will be fully utilized to create new jobs in the public sector. We have made application to the Department of Labor for these funds.

Item 2. Verification of Enrollee Eligibility

There were severe time constraints imposed on the Consortium's Manpower staff by the Department of Labor. The Department of Labor mandated enrollment within two weeks after passage of new legislation. This left very little time for verification. On the seventh working day after Title VI was announced, twenty-five participants were enrolled. Each participant's application was checked as to last employment and each signed a declaration certifying at least thirty days unemployment. Through spot checking this

BEST DOCUMENT AVAILABLE

Received at
Labor Audit Site
July 23, 1976

COUNTY OFFICE BUILDING, MAYVILLE, NEW YORK 14757

method seemed to be reliable for that two week time constraint. Although a 15% ineligibility rate is high, I feel it is not indicative of the program as a whole. To insure proper verification for future enrollments, a method of previous employer contacts has been instituted to eliminate all ineligibles.

Item 3. Methods of Insuring Service

I was pleased with many aspects of the report, particularly its finding that "target groups were generally hired according to plan". The attached table indicates that this might even be an understatement. Out of a total of 356 people served (194 Title II and 162 Title VI), 93 were veterans, 128 were economically disadvantaged and 289 were unemployed. I would say that we have a very good system for enrolling those most in need, but we are still improving it continually in an effort to serve our significant segments first.

In addition to the 48 hour preference for veterans, we also include our significant segments in news articles, job announcements and in notification to agencies that they are receiving job funds. The referral of significant segments by the Employment Service is urged and the hiring of our target groups is requested of the employing agencies.

[See GAO note 1, p. 5.]

Although we have done very well in this area in the past, we will improve our referral methods to ensure continued service to those most in need.

I would like to add some corrections and clarifications to the draft report. On page 10, 100% of the planned January 31st positions (60) were filled and 80% (60 out of 75) of the total Title VI positions were filled.

[See GAO note 2, p. 5.]

[See GAO note 1, p. 5.]

Conclusions

We will pursue the \$147,000 which we were "shorted".

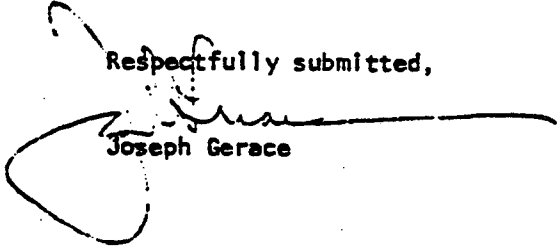
We have improved and will continue to improve the selection process to ensure that enrollment consideration be extended to our significant segments.

We have instituted a reliable method of eligibility verification.

We question the liability of the prime sponsor for enrolling participants who certify as to their eligibility.

Thank you for the opportunity to express my thoughts and comment on your report.

Respectfully submitted,



Joseph Gerace

JG:jf

- cc: Mr. Lawrence W. Rogers, Regional Administrator
U. S. Department of Labor
- cc: Mr. Harold Dewey, Chairman, Cattaraugus
County Legislature
- cc: Mr. Harland Hale, Chairman, Allegany
County Legislature
- cc: Mr. Russell Certo, Director
Chautauque County Manpower Program
- cc: Mr. Norman Utecht, Director
Cattaraugus County Manpower Program
- cc: Mr. Bernard Piatt, Director
Allegany County Manpower Program
- cc: Mr. Charles McDonnell, Director
Chautauque Consortium

- GAO note:
1. The deleted comments relate to matters which have been revised in the final report.
 2. Status of positions planned and filled by the consortium under titles II and VI by January 31, 1975, was based on prime sponsor reports. Those reports showed the consortium had filled 107 percent (134 filled; 125 planned) of its planned title II positions and it had filled 77 percent (60 out of 78) of the planned title VI positions.
 3. Page references in this appendix refer to the draft report and do not necessarily agree with the page numbers in the final report.

	Title II			Title VI			Total		
	plan	actual	%	plan	actual	%	plan	actual	%
un/underemployed	170	175	103	108	134	124	278	309	111
veterans	27	40	148	35	53	151	62	93	150
welfare recipients	17	23	135	15	18	120	32	41	128
economically disadvantaged	38	71	187	45	57	127	83	128	154
former Manpower Trainees	12	25	208	14	27	193	26	52	200
minorities	10	8	80	-	-	-	10	8	80
females	59	92	156	-	-	-	59	92	156
U.I. exhaustees	-	-	-	6	0	0	6	0	0
U.I. ineligibles	-	-	-	30	35	117	30	35	117
unemployed > 15 weeks	-	-	-	30	43	143	30	43	143