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



**Selection And Enrollment Of
Participants In Programs Under The
Emergency Employment Act Of 1971**

B 163922

Department of Labor

B-163922

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

FILE COPY - COMP GEN

OCT 12, 1972



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

B-163922

CR Dear Mr Chairman.

This is the fourth 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) 9

This report is concerned with the methods and procedures which States, counties, and cities (program agents) and other governmental units, such as school districts, serving as subagents followed in selecting and hiring persons for public service jobs. Also, the report comments on several issues related to the selection and enrollment of persons.

Our review covered the activities of 25 program agents and included the selection and enrollment of persons in both the Public Employment Program under section 5 of the act and the Special Employment Assistance Program under section 6 of the act.

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 the report.

C2 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 *- 1097*

B-163922

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,

A handwritten signature in cursive script that reads "James P. Stacks".

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

SI -

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ABBREVIATIONS

EEA	Emergency Employment Act
GAO	General Accounting Office

COMPTROLLER GENERAL'S REPORT
TO THE SUBCOMMITTEE ON EMPLOYMENT,
MANPOWER, AND POVERTY
COMMITTEE ON LABOR AND PUBLIC WELFARE
UNITED STATES SENATE

D I G E S T

WHY THE REVIEW WAS MADE

This report, fourth of a series prepared by the General Accounting Office (GAO) in response to a request by the Subcommittee Chairman, reviews the selection and enrollment of participants in programs under the Emergency Employment Act of 1971 (EEA)

To implement the programs, the Department of Labor awarded grants totaling about \$959 million during fiscal year 1972 to about 700 States, counties, cities, and Indian tribes serving as program agents

FINDINGS AND CONCLUSIONS

Procedures for reaching, screening, and hiring participants

As of June 1972 EEA had obtained public service jobs in State and local governments for 168,700 persons. About 17,000 of these persons had been previously employed in State or local governments but had been laid off, generally because of budgetary problems

The special publicity and outreach efforts of the program agents, as well as the rate of unemployment and the number of unemployed persons in the areas served by the agents, undoubtedly had some effect on the number of persons applying for EEA jobs

SELECTION AND ENROLLMENT OF
PARTICIPANTS IN PROGRAMS UNDER THE
EMERGENCY EMPLOYMENT ACT OF 1971
Department of Labor B-163922

Although GAO's analysis did not establish any direct correlation between the outreach efforts or the number of unemployed persons and the number of job applicants, it did show that generally the higher the rate of unemployment, the higher the ratio of applicants to jobs (See p 5)

Data on the characteristics of the non-selected applicants was not adequate. This prevented an assessment of whether, given existing hiring practices, these persons could have been successfully accommodated in the program had additional jobs been available (See p 7)

Matching applicants to the available jobs--screening, referring, and hiring--has largely been achieved through existing administrative units of government, without creating new bureaucracies and apparently without changing much in the existing institutions

Some agencies have made special accommodations for program applicants, circumventing usual hiring requirements or standards. However, there are indications that the effect of these special accommodations may be only temporary and that they may not insure permanent placement for many participants (See pp 9 and 17)

Efforts to get unemployed persons into jobs as soon as possible met a number of obstacles, some of which could not have been anticipated and

others of which could have been eliminated by better planning and program information (See p 10)

Application of the rule that former regular employees could not be rehired by program agents as EEA participants within 30 days, which was established by the Department at the direction of the Senate Committee on Appropriations, generally caused no problems among the program agents included in the GAO review, except at two locations where it resulted in inequitable treatment for both regular employees and EEA participants. The Senate Committee on Appropriations advised the Department in February 1972 that it could be more flexible in applying the 30-day rule. However, the Department's reply to the Committee stated that it planned to continue its present regulation to assist in controlling maintenance of effort by program agents (See p 14)

Reaching target groups

Program agents established various

priorities for hiring persons to fill jobs under EEA. The majority of program agents had hiring procedures which gave preference to veterans, and some program agents gave preference to veterans who had served in Korea or Vietnam over other veterans (See p 20)

Almost all the program agents stated that they also gave preference to other significant segments of the unemployed, including (1) disadvantaged persons, (2) members of minority groups, (3) welfare recipients, (4) former enrollees in manpower training programs, and (5) persons displaced by technological changes

Data on the extent of unemployment among the significant segments of the population was generally not available on a localized basis. GAO therefore was unable to determine whether the various groups of unemployed persons, such as young or disadvantaged persons, were being properly represented among those being hired (See p 22)

CHAPTER 1

INTRODUCTION

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

To carry out the act, the Department of Labor had granted about \$959 million through June 1972 to about 700 States, counties, cities, and Indian tribes serving as program agents. Department of Labor reports indicated that about 192,700 persons would be employed in public service jobs under the act. The reports showed that, as of June 1972, about 168,700 persons were employed.

The act set forth a number of criteria for the selection of program participants by the program agents. In addition, the Department's regulations and guidelines for implementing the program contain various criteria, requirements, and goals pertaining to the selection of participants.

Section 7 of the act requires program agents to provide assurance that, in filling public service jobs, they will give special consideration to unemployed or underemployed veterans who served in Indochina or Korea. The Department's guidelines set a goal that at least one-third of all participants be veterans who served in the Armed Forces on or after August 5, 1964, and who received other than dishonorable discharges.

Section 12 of the act calls for selecting program participants equitably--in accordance with the act--among significant segments of unemployed persons and for considering the relative numbers of unemployed persons in each segment. The Department's regulations and guidelines identify the significant segments as:

1. Vietnam-era veterans.
2. Young persons 18 to 22 years of age entering the labor force.
3. Persons 45 years of age or over.
4. Migrant farmworkers.
5. Persons whose native tongue is not English and whose ability to speak English is limited.
6. Persons from families with incomes below the poverty level or welfare recipients.
7. Persons who have become unemployed or underemployed as a result of technological change or whose most recent employment was with Federal contractors who have cut back in employment because of shifts in Federal expenditures.
8. Others who come from socioeconomic backgrounds generally associated with substantial unemployment and underemployment.

CHAPTER 2

PROCEDURES FOR REACHING, SCREENING, AND

HIRING PARTICIPANTS

As of June 1972 EEA had obtained public jobs in State and local governments for about 168,700 persons. About 17,000 of these persons had been previously employed in State or local governments but had been laid off, generally because of budgetary problems.

Procedures used by program agents for advertising to potential employees the availability of job opportunities, for obtaining referrals, and for matching applicants to the available positions--screening and hiring--directly affected the accomplishment of program objectives.

REACHING POTENTIAL APPLICANTS

Program agents' efforts to publicize the public employment programs varied widely in degree and method. For example, city officials in San Jose, California, made limited use of the mass media whereas Los Angeles, California, advertised the programs in newspapers, on radio and television, and even by a banner towed by helicopter over Mexican-American areas of the city. A few agents relied principally on employment service referrals, whereas other program agents contacted local community organizations, welfare offices, minority groups, or Veterans Administration offices or hired outreach workers to recruit specific types of employees.

Often advertising and recruitment were directed toward the significant segments of the unemployed--mainly veterans and minorities. Of the program agents reviewed, 14 indicated that veterans were given first priority in their hiring order. Nine of these agents made special efforts to recruit veterans, including sending letters or lists of the types of jobs available to local Veterans Administration offices, advertising in newspapers and on radio, setting up special outreach programs, or contacting veterans as they were discharged.

None of the agents placed minority group members first on their list of hiring priorities. However, 14 program agents indicated special outreach efforts had been made to attract minority applicants. Seven of these agents used minority or bilingual outreach workers to recruit Spanish-speaking persons, blacks, orientals, etc; eight agents advertised in minority newspapers or on minority radio stations; and a few agents held meetings with, or sent job listings to, minority organizations.

The use of special outreach workers proved to be an effective means of attracting minority applicants. For example, Stanislaus County, California, with a sizable Mexican-American population, hired three outreach workers--one white and two Mexican-Americans--and three job interviewers--a white, a black, and a Mexican-American. The enrollment records for Stanislaus County showed that, although 51 percent of the persons hired were white, 32 percent were Mexican-American and 12 percent were black. The other 5 percent were classified as oriental, American Indian, or other.

The special publicity and outreach efforts of the program agents, in addition to attracting specific minority group members to apply, probably increased the total number of applicants for EEA jobs. However, we were unable to find any direct correlation between these efforts and the total number of applicants because of other variables, such as the number of unemployed persons and the rate of unemployment in the area, that influenced job applicants.

Although the number of job applicants exceeded the number of available jobs in each of the 18 areas for which data on applicants was available, we found significant differences in the ratio of applicants to jobs. The number of applicants per job ranged from a ratio of about 2 to 1 in areas of moderate unemployment to as high as 16 to 1 in areas of substantial unemployment. For example, the State of South Carolina, with a 5.5-percent unemployment rate, reported about 1,000 applicants for its 600 jobs whereas the city of Seattle, Washington, with a 14.4-percent unemployment rate, reported 8,000 applications for about 500 jobs.

Our analysis also showed that generally the higher the rate of unemployment, the higher the ratio of applicants to jobs. Areas with unemployment rates of 7 percent or higher generally had a ratio of 5 or more applicants per job. In areas with unemployment rates below 7 percent, the ratio generally ranged from about 2 to 4 applicants per job. There were, however, some exceptions. For example, Detroit, Michigan, with a 10.6-percent unemployment rate, had four applicants for each job whereas Indianapolis, Indiana, with a 5-percent unemployment rate, had seven applicants for each job.

The correlation between unemployment rates and the number of applicants appears to be rather significant. The amount of EEA funds for jobs available per unemployed person was generally greater in areas with high unemployment rates--due to the weight that the Department gave to this factor in allocating funds to program agents for creating jobs--and this fact should tend to decrease the number of applicants per job. We believe that the Department should analyze this relationship further to ascertain the reasons for its occurrence and whether or how it should be considered in future policy decisions regarding public employment programs.

Although many program agents maintained files on the names and addresses of applicants who had been interviewed but not selected for employment, the Department's existing management information system does not provide for reporting data on the names or characteristics of rejected applicants. The lack of this data prevented us from assessing the extent to which, given present hiring practices and public service needs, such persons could have been successfully accommodated in the program had additional positions been available.

We brought this matter to the attention of Department officials responsible for the EEA programs. These officials, while recognizing the desirability of having data on non-selected applicants, stated that under present conditions it would be too costly to incorporate such data into the EEA management information system. The officials believed, however, that such data could be obtained on a survey or sample basis.

We believe that, should EEA become a continuing program, the Department of Labor should establish procedures to obtain data on nonselected applicants on a sample basis, to permit an assessment of the kinds of persons seeking public employment and the kinds of skills they offer. Such information also could be useful in determining whether actual enrollments fairly represent significant segments of the unemployed applicants and in determining the kinds of jobs and services which could realistically be developed in an ongoing program.

SCREENING AND HIRING PARTICIPANTS

For the most part, program agents used existing institutions and administrative procedures to screen and hire participants.

State employment services were the primary source of job applicants, although civil service agencies, community action agencies, employing agencies, and model cities were also used. Other sources of applicants included urban leagues; Mexican-American centers, youth employment centers, chambers of commerce, and manpower training programs, such as the Neighborhood Youth Corps, the Concentrated Employment Program, and residential manpower training centers. Also persons often went to the program agencies' offices seeking employment.

The State employment security agencies or other referring agencies usually made referrals to jobs (1) from established lists of persons who had asked for job placement assistance or who were on job registers or (2) from applications of persons applying specifically for public service jobs.

The program agents or hiring agents, for the most part, did not establish special testing procedures for EEA applicants. Some agents waived or deferred civil service testing for the EEA applicants. Others required the applicants to qualify for the jobs through tests normally given for the positions, i e , skill tests, such as typing or steno tests, or evaluation tests, such as for vocabulary or abstract intelligence. In some cases, no tests were administered at all and only interviews of the applicants were conducted.

Applicants hired were usually those deemed best qualified by whatever standards the program agents applied. Nationwide data on the program participants showed that 76 percent were high school graduates, 14 percent were college graduates, and 11 percent had previously been employed by the program agents. Educational and previous employment data for participants at the program agents which we reviewed was similar to the national data.

Some program agents did make special accommodations for program applicants, circumventing usual hiring requirements.

or standards (see p 17), but most agents processed EEA applicants through the same administrative institutions and procedures as used for other applicants, without special testing

It appears that program agents were able to fill the jobs provided through EEA without significantly changing their normal screening and hiring procedures. This may be attributed, in part, to the practice of hiring best qualified persons. As long as the program guidelines do not specify who is to be hired and as long as the number of jobs provided is small in relation to the number of unemployed, agents will probably continue to operate in a similar manner and to fill available jobs with persons who best meet the established job requirements

TIMELINESS OF HIRING

The hiring of 168,700 participants into the EEA programs during the 10 months ended June 1972 is a substantial achievement. Much of the programs' success can be attributed to the Department's decision to use existing institutions and organizations to manage the programs and to the Department staff's management. However, for a variety of reasons, many of the program agents experienced delays which prompted the Department to issue instructions in November 1971 to the agents to accelerate their hiring.

Almost all the program agents included in our review were authorized by the Department to start hiring participants in August 1971. By the end of September, all had received their initial funds from the Department, had sent their first job orders to the State employment services, and had hired their first enrollees. We noted, however, that only half of the program agents included in our review had filled 50 percent of their authorized positions prior to December 1971. Hiring was subsequently accelerated, and by March 1972 all the program agents had filled all or almost all their authorized positions.

Reasons cited for delays by four of the program agents which had difficulty reaching 50 percent of their authorized goals by December were problems encountered with civil service systems. For example, Boston, Massachusetts, officials

stated that civil service procedures which required participants to be hired through the State civil service system had caused delays up to 2 months

Other program agents advised us that other factors had delayed their hiring of EEA participants. These factors can be categorized as (1) being attributable to procedures or requirements of the Department of Labor and program agents, (2) arising from actions by groups outside the program, and (3) being attributable to actions by, or circumstances involving, the program agents

Delays attributable to the
Department of Labor and program agents

- Approvals of program applications for Cincinnati, Ohio, Detroit, Michigan, and Wayne County, Michigan, were delayed because of revisions required to meet hiring and matching-fund standards
- Program agents were required to permanently retain 50 percent of the EEA enrollees, so Detroit officials spent a great deal of time trying to select positions in which there was a reasonable chance to permanently retain the enrollees

Delays attributable to groups
outside the program

- A legal assistance organization in California instituted an action which resulted in a court-imposed temporary restraining order that froze the hiring of all EEA employees until procedures were developed to insure the hiring of more unskilled workers, such as migrant farmworkers
- Union complaints about the level of jobs created for EEA enrollees caused delays in approving revisions of program proposals in Cincinnati and Los Angeles

Delays attributable to actions or
circumstances involving program agents

- The East Baton Rouge, Louisiana, personnel department was slow in referring applicants to the employing agencies.
- The Puerto Rican program agent had insufficient time to train staff members and to set up a recruiting apparatus.
- The requirement that all the contracts between the California program agent and its subagents had to be reviewed by the legal and administrative agencies delayed hiring.
- The lack of certain equipment necessary to meet a public service need precluded the immediate hiring of participants to fill the jobs in Richmond County, Georgia.
- Georgia's program representative said that enrollment was slow because the people having the skills needed to provide public services are not the people who are unemployed. Three other program agents also had difficulty in filling certain positions because of the lack of qualified candidates.
- Program agents for California and Atlanta, Georgia, were attempting to implement a hiring system for EEA employees parallel to the existing civil service system and, at the same time, to placate State employee associations.

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The factors which agents cited as having delayed hiring reflect, in part, problems which are to be expected in a new and untried program. Some delays, such as those resulting from agents' efforts to develop programs which would insure 50-percent retention, were attributable to controls designed to accomplish various objectives of the program. Groups outside the program intervened to protect established interests or to direct the program toward specially discerned needs,

and delays of this type could probably be neither anticipated nor avoided.

However, it appears in certain cases that hiring could have been prompter through better planning and dissemination of program information. Drawing upon the experience of the program agents during the initial phase of the program, we believe that, should the program continue, the Department could improve the timeliness of hiring by strengthening its regional office staffs to expedite review and approval of grant applications and to provide increased technical assistance to program agents. Delays attributable to the lack of qualified candidates could be mitigated by having program agents identify the skills which are most likely to be available among the potential program applicants in their areas and to match these with priority public service needs.

We previously reported to the Chairman, Subcommittee on Employment, Manpower, and Poverty, Senate Committee on Labor and Public Welfare (B-163922, Feb. 16, 1972), that program agents had experienced delays in hiring persons in programs under the act and that, to utilize available funds because of the lag in hiring, the Department of Labor instructed program agents to hire more persons than originally planned in the grant applications.

Many of the program agents included in our review began to hire additional persons. Three program agents, however, stated that, because of the uncertainty of the size of next year's grant and the estimated length of the program period, they were concerned that using the available funds to hire more persons than they had originally planned might ultimately have an adverse effect on program participants. The East Baton Rouge program agent, for example, stated that, if the funding level for the next program year is equal to or less than that for the present year, the jobs of the additional enrollees hired may have to be terminated.

The Cincinnati program agent hoped to reduce, through attrition, the number of participants back to an earlier planned level. The agent's officials advised us that they were taking this action because of their desire not to have to lay off participants when the current program period terminates.

EFFECT OF DEPARTMENT'S 30-DAY RULE

The Department's EEA guidelines state that former employees of a program agent or any designated employing agency are eligible for participation in the program only if they have been unemployed for a period of 30 days or longer prior to being employed in a job funded under the act. This provision was established in accordance with the Senate Committee on Appropriations' report (S. Rept. 92-355) on the EEA appropriation for fiscal year 1972, which stated:

"*** the committee directs that no funds appropriated under this act shall be used by an eligible applicant to pay wages and compensation to any employee previously employed by said applicant unless such employee was terminated 30 days prior to being rehired ***."

The application of the 30-day rule caused no problems among most program agents included in our review, beyond an occasional violation involving individual enrollments. However, serious problems did arise in two of the largest program cities. These problems which involved issues of seniority and job discrimination are described below.

Seniority and the 30-day rule

Agreements between public agencies and employee unions may provide "bumping" rights, on a seniority basis, for employees subject to layoffs. In conjunction with the Department's 30-day rule, such agreements can have a serious effect on the ability of the programs to offer job opportunities which will provide unemployed and underemployed persons with an opportunity for continuing employment.

In January 1972, because of budgetary constraints, the city of Detroit proposed to lay off 1,500 to 1,800 city employees and to rehire a part of these employees under EEA. The city's plan was to replace about 1,000 then-employed EEA participants with the laid-off regular employees. To do this Detroit requested the Department to waive the 30-day rule.

The Department and Detroit city officials agreed, as a result of meetings, that the city could use available EEA funds to rehire city employees but that the number of persons who could be rehired was limited

In February 1972 Detroit was forced to lay off 352 employees. Of these, 243 were regular city employees and 109 were formerly unemployed persons hired under EEA. Although funds remained available for the EEA positions, the 109 EEA employees lost their jobs because of seniority bumping by regular city employees.

Detroit city officials proposed to the Department that all the 352 laid-off employees be rehired under EEA after 30 days. The Department concurred, and on March 13 the employees were rehired. In this way the 30-day rule was observed, but the rule, combined with seniority rights, had the effect of forcing 109 persons already employed by EEA to become unemployed for a month.

Job discrimination and the 30-day rule

Three Los Angeles city employees' organizations complained that jobs being funded under the act caused a serious problem of job discrimination and inequity for present city employees. The problem arose when some city employees were demoted to lower grade jobs because of budgetary problems. Subsequently, the higher grade jobs were included among those funded under EEA and persons hired with EEA funds were to fill the jobs that the city employees had formerly held.

One of the unions requested the city to obtain a waiver from the Department on the 30-day rule and to give present city employees the first opportunity to fill listed job openings under the act. The Department's regional representative advised the city that he had no authority to waive the 30-day rule but suggested that, in areas where demotions had occurred, the city establish EEA jobs at levels below those presently held by demoted city employees.

The city officials stated that, although they sympathized with the regular employees, the city did not have sufficient resources to fund the higher level jobs nor could it operate the increased programs made possible by

EEA without the positions from which the regular employees had been demoted. An EEA representative of the city told us that the city had hired about 30 persons under EEA to fill jobs from which regular city employees had been demoted because of budgetary problems.

The 30-day rule, adopted at the direction of the Senate Committee on Appropriations, is intended to insure that program agents do not use EEA funds to perform functions previously performed and financed out of their regular revenues. We agree that maintenance of effort by program agents is necessary to avoid circumvention of the act. It appears, however, that certain inequities have occurred because of the rigid enforcement of the 30-day rule.

In February 1972 the Chairman and the Ranking Minority Member of the Subcommittee on Labor and Health, Education, and Welfare, and Related Agencies of the Senate Committee on Appropriations wrote to the Secretary of Labor concerning hardships being experienced because of the 30-day rule. The letter stated that, where local jurisdictions have exhausted all revenue sources legally available to them and where, as a result, the jurisdictions are forced to terminate employees, the rehiring of such employees may not have to wait 30 days

On March 8, 1972, the Assistant Secretary for Manpower advised the Subcommittee that the Department appreciated the flexibility given to it but had decided that the 30-day rule was such an important ingredient in its efforts to maximize the number of new jobs created that it did not plan to change its regulations.

EFFECT OF ESTABLISHED PERSONNEL
SYSTEMS ON HIRING

Under established personnel systems, hiring requirements, including civil service requirements, may in some cases constitute an impediment to employment for certain persons. The act therefore required assurances from program agents that they would reevaluate these requirements and related practices.

Strictly applied civil service regulations requiring specific qualifications and the passing of written examinations presented the greatest barriers to EEA participants attempting to obtain permanent positions. Such regulations were generally strictly applied in State agencies, local governments and other hiring agents were usually more flexible.

About one-half of the program agents included in our review stated that they hired only persons who they felt could or already did meet civil service requirements. Four of these program agents said that they were doing this because they wanted to insure that the EEA participants hired would have a good chance of becoming permanent employees. In certain locations program agents hired only persons who had already qualified for positions and who were listed on civil service registers

For jobs which were subject to civil service requirements, about half of the program agents hired persons who might not normally have met the established requirements. Five of these agents stated that they intended to give the EEA enrollees sufficient on-the-job training to meet the established requirements. City officials of San Jose stated they were hiring only those underqualified applicants who they believed could be trained for permanent placement before the program ends. Accordingly, they are designing training courses which will help EEA enrollees to place high on civil service examinations.

For about half the program agents included in our review, civil service or other hiring requirements were not so much a problem to immediate hiring under EEA as they were to the EEA participants' chances of obtaining permanent

tenured employment at some future date. The ability of the EEA participants to obtain permanent employment depends on several factors, including (1) the types of jobs the participants are being hired for, (2) the participants' qualifications and the training they receive, (3) the types of agencies the participants are being employed by, and (4) the discretion of the cognizant civil service agency.

Among those program agents which were taking special measures or attempting to work around their systems to accommodate EEA applicants, some were bypassing qualified persons who were on the civil service register in order to hire EEA participants. These program agents would review the register by starting at the top and checking with the listed applicants until they identified EEA eligibles who were unemployed. Persons who were already employed and were seeking different or better jobs were bypassed in the selection.

Although this procedure gave an initial advantage to unemployed applicants for EEA positions, the advantage was limited by the fact that the appointments they received were often provisional. Several of the program agents which hired EEA participants by bypassing other persons continued to carry the EEA participants on their civil service registers. They maintained that the EEA participants could not move to permanent positions until their names reached the top of the registers or until persons occupying higher positions on the register had first been given an opportunity to accept or reject the jobs. In most of these cases, an EEA participant does not acquire any seniority until he moves into a permanent position.

The Massachusetts program agent was experiencing difficulty in promptly hiring participants. To expedite hiring, the local civil service officials agreed to allow agencies to hire participants on a provisional basis without referring to the civil service registers for qualified applicants. The civil service agency plans to screen the registers, however, and it is possible that present EEA participants may be replaced with other eligible applicants who are unemployed and whose names are on the civil service registers.

In summary, it appears that, for many program agents, civil service or other hiring requirements have presented no impediment to EEA hiring because the program agents have deliberately selected and enrolled applicants who already met, or were likely to readily meet, existing standards. Other program agents have relaxed or altered established hiring procedures to accommodate EEA applicants who might not otherwise be hired. However, EEA enrollees who benefit from these special procedures may encounter problems in the future in obtaining permanent employment. This is especially true of those who have been given a temporary advantage on a civil service register or who have been placed in provisional positions.

We are continuing our examination of the effect that program agents' hiring and civil service requirements had on the operation of EEA and plan to report in more detail on this subject later.

CHAPTER 3

REACHING TARGET GROUPS

Program agents established various priorities for hiring persons to fill jobs under EEA. The majority of program agents had hiring procedures which gave preference to veterans, and some program agents gave preference to veterans who had served in Korea or Vietnam over other veterans. Almost all the program agents stated that they also gave preference to other significant segments of the unemployed, including (1) disadvantaged persons, (2) members of minority groups, (3) welfare recipients, (4) former enrollees in manpower training programs, and (5) persons displaced by technological changes.

A schedule of the characteristics of the EEA enrollees for the program agents included in our review is shown in appendix II. At the time of our review, only 11 of the 25 program agents had achieved the goal of having one-third of the participants consist of Vietnam-era veterans.

Data on the extent of unemployment among the significant segments of the population on a localized basis was generally not available at the program agents we reviewed. We therefore could not determine whether the various groups of unemployed persons, such as young or disadvantaged persons, were being properly represented among those being hired.

ENROLLMENT OF VETERANS

Vietnam-era veterans constitute one of the specified target groups for public service jobs under EEA. Although the legislation did not contain a minimum hiring goal, the Department's guidelines provided for a goal of having Vietnam-era veterans--those who served in the Armed Forces on or after August 5, 1964, and who received other than a dishonorable discharge--constitute at least one-third of all EEA participants. Revised guidelines raised this goal to 40 percent for fiscal year 1973.

The guidelines provided also that all job vacancies, except those to which former employees are being recalled, must be listed with the State employment services and with

other public or private organizations concerned with veteran job placement. The State employment agencies were accorded 48 hours to exclusively recruit and refer eligible veterans before the vacancies were filled from other sources.

Because of the low skill level and pay being offered, it was extremely difficult to enroll veterans in Puerto Rico--only about 2 percent of the enrollees were Vietnam-era veterans. For the other 24 program agents, about 25 percent of the enrollees were Vietnam-era veterans. For 11 of these 24, Vietnam-era veterans constituted about one-third or more of the enrollees.

With the exception of (1) establishing a goal for enrolling Vietnam-era veterans and (2) informing veterans organizations of job openings and having the State employment agencies give 48-hour advance recruitment and referrals for job openings to eligible veterans, generally no special outreach services were afforded to veterans. Goals, when they were reached, appeared to be reached because of specific actions by certain program agents, such as meeting with individual veterans to inform them of available EEA positions and continuing contact with representatives of military installations to inform them of the availability of EEA jobs for soon-to-be-released servicemen. Representatives of these hiring agents stated that, if they had not made special outreach efforts, they would not have been able to enroll their quota of veterans.

Program agent representatives for Massachusetts and Puerto Rico reported that, although a significant number of unemployed veterans were in their jurisdictions, many veterans refused to take EEA jobs because of the low wages and the menial nature of the positions. This appears especially true in Puerto Rico where the hiring agents have geared their programs toward creating a relatively large number of low-paying, unskilled positions. Although these situations may have worked to the detriment of veterans, they may have been beneficial to that segment of the population--the so-called hard-core unemployed--that would otherwise not have been able to qualify for public employment jobs.

LACK OF LOCALIZED DATA ON UNEMPLOYMENT RATES

Complete and precise data is lacking at local levels on the rates of unemployment among the various significant segments of the population. Because adequate data was not available, program agents were not able to insure that public service employment opportunities were available equitably among significant segments of the unemployed population in relation to the numbers of unemployed persons in each segment.

Most program agents advised us that the data on population, employment, and unemployment which they had included in their applications for funds under the act had been obtained from the State employment security agencies. Program agents reported having problems using this statistical data since it was on a metropolitan-area basis whereas the agents were developing plans for other jurisdictions, such as a county, a city, or certain sections of a county or city.

Program representatives for Detroit told us that, since the characteristics of the unemployed population in terms of significant segments were unknown, they were unable to proportionately select EEA enrollees from the target groups specified in the act. Agents in Massachusetts attempted to achieve proportional enrollments among segments of the unemployed by estimating the size of the significant segments.

Two Department of Labor monthly reports--the Current Population Survey and the labor area summary reports--were the principal sources of unemployment data generally available to program agents. Neither of these reports is suitable for direct use by agents attempting to serve significant segments of the unemployed population in numbers proportionate to their incidence in the total unemployed population.

The Bureau of Labor Statistics Handbook of Methods for Survey and Studies states that the Current Population Survey is designed to produce national estimates, it is not designed to produce estimates for States and areas. The Current Population Survey is also available annually for a number of selected locations throughout the country.

The monthly labor area summary reports are intended to provide statistical and other data needed for operating Federal area assistance programs and for classifying areas according to relative labor supply. This data, however, is not classified by demographic, social, and economic characteristics of the unemployed and is not available on a geographic basis consistent with that used for the EEA public employment programs.

A Department of Labor task force established to examine the adequacy of local unemployment data for use in managing EEA programs concluded in February 1972 that improved local labor market information was needed. The task force report stated that the State employment security agencies should continue to be the main source of data but proposed a number of improvements for developing such data.

The task force proposed that revised technical guidelines, setting forth uniform methods of developing data on the characteristics of the unemployed, be issued to program agents.

The task force also made recommendations concerning (1) reporting by the State employment security agencies on unemployment estimates for areas served by program agents, (2) the methodology to be followed to insure uniform unemployment data for labor areas, (3) the development of data on the characteristics of the unemployed, and (4) other technical aspects of the program.

The report set forth, for the use of State employment security agencies, sources of data for various characteristics of the unemployed in local areas. The principal sources are the 1970 census data and the information system used by the State employment security agencies.

Implementation of the task force recommendations should provide program agents and managers with some data on the characteristics of the unemployed within specific labor areas. However, we believe several problems will still limit program agents' abilities to insure that significant segments of the unemployed are served in numbers proportionate to their incidence in the unemployed population. First, the census data which the Department plans to use was obtained in April 1970 and may not accurately present current unemployment

conditions in a particular area. Second, although State unemployment security data is more current than census data, it relates only to persons applying to a State employment security agency for assistance and therefore may not provide accurate data on the unemployed population.

Department officials advised us that, although the census data obviously is out of date, it will be updated by the State employment security agencies and that these agencies are beginning to develop the capability to provide some of the information needed for the EEA programs.

Many of the manpower bills introduced in the Ninety-second Congress to provide for comprehensive manpower programs or to amend EEA contain provisions for labor market data, in addition to the monthly national data now being provided. For example, one bill calls for gathering and publishing, on a regular basis, data on unemployment, underemployment, and job vacancies by State, labor market area, rural area, and city and poverty neighborhoods.

More precise localized data on unemployment is needed if program managers are to properly carry out their responsibilities under employment programs designed to serve the needs of the significant segments of the unemployed equitably, however, obtaining more precise data will obviously cost the Department more than its present data accumulation.

CHAPTER 4

SCOPE OF REVIEW

Our review included an examination of (1) the legislative history relating to the act, (2) the procedures followed by program agents in selecting and enrolling program participants, and (3) the management information reports, periodically prepared by the Department, showing the progress of hiring and the types of persons hired under the act

To provide diverse coverage in our review, we visited 25 program agents representing seven States, 10 counties, and 10 cities. The selected agents represented (1) rural as well as urban areas and (2) areas with rates of unemployment ranging from 4 percent to 15 percent. Of the \$959 million allocated by the Secretary to fund about 192,700 jobs under the act, about \$228.7 million was allocated to the 25 program agents to fund about 46,205 jobs. (See app. I for a listing of the program agents, funds awarded, and jobs proposed)

FUNDS AWARDED AND JOBS AUTHORIZED FOR
SELECTED PROGRAM AGENTS UNDER THE
EMERGENCY EMPLOYMENT ACT OF 1971

	Funds awarded (thousands)	Jobs authorized
STATES:		
California	\$ 22,416 4	3,679
Georgia	5,092 9	1,518
Louisiana	6,296 4	1,525
Massachusetts	22,239 2	3,269
Puerto Rico	27,947 7	10,839
Washington	15,937 4	2,523
Wyoming	1,661 2	411
COUNTIES		
Adams County, Colo	207 5	44
Greenville County, S C	282 9	50
King County, Wash	10,462 0	1,551
Los Angeles County, Calif	21,999 0	4,627
Richmond County, Ga	532 1	111
San Diego County, Calif	9,570 1	1,279
Stanislaus County, Calif	4,437 9	918
Wayne County, Mich	2,910 5	486
CITIES:		
Atlanta, Ga	1,125 3	453
Baton Rouge and East Baton Rouge, La (note a)	1,176 7	263
Boston, Mass	4,064 0	841
Cincinnati, Ohio	3,228 7	527
Detroit, Mich	19,073.8	3,365
Indianapolis and Marion County, Ind (note b)	3,455 1	750
Los Angeles, Calif	23,329 0	4,273
San Diego, Calif	9,870 1	1,230
San Jose, Calif	2,937 4	399
Seattle, Wash	<u>8,411 4</u>	<u>1,274</u>
Total	<u>\$228,664 7</u>	<u>46,205</u>

^aCombined application for Baton Rouge and East Baton Rouge Parish

^bCombined application for Indianapolis and Marion County

APPENDIX II

COMPARISON OF CHARACTERISTICS OF PERSONS
 HIRED BY PROGRAM AGENTS IN GAO REVIEW
 AND PERSONS HIRED NATIONWIDE

<u>Characteristics of enrollees</u>	Selected program agents (note a)	Nationwide (note b)
	(percent)	
GROUP		
White	62	65
Negro	23	21
American Indian	4	2
Oriental	1	1
Spanish-American	9	7
Other	1	5
MILITARY SERVICE STATUS		
Special veteran	10	12
Vietnam-era veteran	15	15
Veteran--other	15	16
Nonveteran	60	56
DISADVANTAGED	35	37
PREVIOUSLY EMPLOYED BY AGENT	11	11
PUBLIC ASSISTANCE RECIPIENT	18	11
PROFESSIONAL--OTHER THAN TEACHER	8	6
HOURLY EEA WAGE		
Less than \$2	10	16
\$2 to \$2 99	43	45
\$3 to \$3 99	32	26
\$4 to \$4 99	10	8
\$5 and over	5	4
AGE		
18 or less	3	1
19 to 21	15	12
22 to 44	67	70
45 to 54	10	11
55 to 64	4	5
65 or over	1	1
EDUCATION		
8 grades or less	6	9
9 to 11 grades	13	15
12 grades	43	44
13 to 15 grades	20	17
15 grades or over	18	14

^aData based on information available at time of GAO visit. The program agents do not include Puerto Rico because of the possible distortion of certain categories.

^bData based on April 30, 1972, report by the Department of Labor.