



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

B-164031(3)

The Honorable Russell B. Long  
Chairman, Committee on Finance  
United States Senate

Dear Mr. Chairman:

This is the fifth and final report in response to your letter of February 2, 1973, requesting us to review various aspects of the Work Incentive program. As you requested, we placed particular emphasis during our review on actions taken to implement the 1971 amendments to the program. This report concerns program operations in New York City.

Officials of the Departments of Labor and Health, Education, and Welfare have been given an opportunity to review and comment on the contents of this report, and their views have been incorporated where appropriate. Comments of cognizant State officials have also been considered in preparing the report.

As discussed with your office, we believe that the report would be of interest to other Committees and Members of Congress. However, release of the report will be made only if you agree or publicly announce its contents. In this connection, we want to invite your attention to the fact that this report contains recommendations to the Secretaries of Labor and Health, Education, and Welfare. 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 actions he has 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 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. Your release of this report will enable us to send it to the Secretaries and to the four committees to set in motion the requirements of section 236.

Sincerely yours,

*James B. Stacks*

Comptroller General  
of the United States

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#### ABBREVIATIONS

AFDC	aid to families with dependent children (program)
DSS	Department of Social Services (New York State)
GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare
OJT	on-the-job training
PSE	public service employment
SAU	separate administrative unit
WIN	Work Incentive (program)

D I G E S T

WHY THE REVIEW WAS MADE

This is the fifth of a series of GAO reports on implementation of the Work Incentive program. This program is designed to help welfare recipients in the aid to families with dependent children program prepare for and get jobs, thus removing them from welfare dependency.

The Chairman, Senate Committee on Finance, requested the reports and suggested that GAO examine how well the Department of Labor was implementing legislative provisions--effective July 1, 1972--which changed the program's operations and emphasis. The revised program is called WIN II.

GAO was requested to review the program in Atlanta, Detroit, Los Angeles, New York, San Diego, Seattle, and Tacoma. This report covers the program in New York City during the first year of WIN II and also includes data for fiscal year 1974 which was not evaluated by GAO.

The program is administered by the Departments of Labor and Health, Education, and Welfare and is operated through State manpower and welfare agencies. In fiscal years 1972-74, the Congress authorized expenditures of nearly \$900 million for program operations. (See ch. 1.)

SLOW IMPLEMENTATION OF  
THE WORK INCENTIVE PROGRAM  
IN NEW YORK CITY  
Department of Labor  
Department of Health,  
Education, and Welfare

FINDINGS AND CONCLUSIONS

Program results

During fiscal year 1973, the New York City program fell far short of its goals. New York City reported that nearly 56,000 welfare recipients were registered for the program but only 23,000 were selected to participate, compared with a goal of about 43,000.

Over 4,000 participants became employed either as a result of the program's job referrals or through their own efforts, compared with a goal of over 16,000. Fiscal year 1974 data shows some improvement, with about 7,000 participants becoming employed compared with a goal of about 11,000. (See pp. 4, 13, and app. I.)

Problems in implementing the revised program included:

- Registration by the welfare agency of individuals who could not be selected to participate.
- Delays in registering and in processing registrants.
- Staff time spent interviewing some registrants who had temporary medical problems or were found to be exempt.
- Duplicative sanctioning processes and little control over the records of those being sanctioned. (See pp. 4 and 10.)

In addition, based on GAO's tests at one local office, which State manpower officials considered to be representative of New York City program offices, it seems that the chance of getting well-paying jobs for many registrants is small. For example, the majority of registrants were out of the labor market for 2 or more years or had never worked, had 8 or fewer years of education, and had been on welfare for 3 or more years. (See p. 8.)

GAO's test for participants who obtained employment showed that:

- The average education level was 9.3 years, which was higher than the average level for all registrants.
- Only 13 percent of WIN II enrollees received some type of training, compared with 70 percent of enrollees in WIN I.
- About 65 percent obtained jobs as a result of program referrals; 35 percent found jobs on their own initiative.
- Jobs were obtained in a wide range of work areas and skill levels, with wages ranging from \$1.85 to \$6.65 an hour and averaging \$2.54. (See pp. 14 to 16.)

The decrease in training of program enrollees may present a future problem in placing participants because of the relatively low educational level and limited recent job experience of many registrants.

Processing delays in reducing and terminating welfare grants resulted in overpayments, which limited the impact that job placements could have had on reducing welfare costs. (See pp. 16 and 17.)

On-the-job training and public service employment

The legislation which revised the program emphasized placement in unsubsidized and subsidized employment. One-third of fiscal year 1973 and subsequent year program funds expended were to be used for developing and funding of subsidized positions in on-the-job training and public service employment.

The Labor Department contract with New York State specified that the State insure that at least one-third of its expenditures of program funds be for on-the-job training and public service employment. Program funds not spent at the end of a fiscal year may be expended in subsequent years. (See pp. 19 and 21.)

New York City fell short of its goal in developing and filling these positions. Only 627 on-the-job training slots were filled in contrast to a fiscal year 1973 goal of 2,884 enrollments. Many participants who entered training in fiscal year 1973 dropped out before completing the contract period. The public service employment goal for New York City was 293 positions, of which only 8 were filled.

Reports for fiscal year 1974 showed improvement, but goals still were not being met. Action is needed to develop and fill more of these positions and to examine the reasons for the high dropout rate for on-the-job training contracts.

Based on reported expenditures of fiscal year 1973 program funds through June 30, 1973, New York State spent about 22 percent for on-the-job training and public service employment activities and

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the entire Region II, of which New York is a part, spent about 19 percent. Reported fiscal year 1974 expenditures of funds subject to the one-third requirement rose to about 43 and 39 percent for New York State and Region II, respectively. (See ch. 4.)

Tax credit to employers of participants

The Revenue Act of 1971 authorized a tax credit for employers of program participants as an incentive to increase employment opportunities. Despite efforts to promote it, the tax credit did not appear to have a major impact on job placements.

During fiscal year 1973, only 392 eligibility certifications were issued to New York City employers. Reported data for fiscal year 1974 showed that certifications issued totaled 1,088. (See ch. 5.)

Management information system

The management information system, developed jointly by Labor and Health, Education, and Welfare, was designed to serve as a management tool and as a source of information for reports to the Congress.

As implemented in New York there were differences in data reported by the two State agencies and the system did not accurately reflect the number of participants enrolled in program components. Furthermore, welfare savings, one measure of program success, were not reported by New York State until August 1973. (See ch. 6.)

Coordination between manpower and welfare agencies

Work Incentive program legislation strongly emphasized coordination between manpower and welfare agencies at regional, State, and local levels. Close coordination of program activities appeared to exist at all levels. (See ch. 7.)

RECOMMENDATIONS TO THE SECRETARIES OF HEALTH, EDUCATION, AND WELFARE AND LABOR

The Departments should encourage the New York State Departments of Labor <sup>D 1238</sup> and of Social Services to act to <sup>D 0667</sup> insure that:

--Less of a timelag exists between registration and certification of registrants.

--More careful assessments are made at registration and in scheduling registrants for appraisal interviews, so that only those who can be selected for participation receive appraisal interviews.

--Adequate control over the records of those being sanctioned is established to determine whether sanction action is taken. (See p. 12.)

--Differences between data reported by the two agencies are resolved. (See p. 29.)

Health, Education, and Welfare should act to insure that the New York State Department of Social Services makes timely adjustments of welfare grants in New York City. (See p. 18.)

The U.S. Department of Labor should encourage the New York State Department of Labor to:

- Make every effort to develop and place eligible participants in on-the-job training and public service employment positions.
- Determine what measures could be taken to insure that more on-the-job training participants complete the contract period. (See p. 22.)

The two Federal departments also should change the definition of "participant" in the management information system so that only data on the number of participants enrolled in program components is reported. (See p. 29.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

Both Departments advised that, in general, action was being taken or planned to implement the recommendations. (See apps. IV and V.) Labor disagreed with the recommen-

dation on developing and filling more on-the-job training and public service employment positions because

- expenditure levels for these positions exceeded statutory requirements during fiscal year 1974 and
- the program's success with direct placements indicated that use of more costly subsidized positions should be restricted.

In view of the likelihood that the job market will not improve in the immediate future, GAO believes that efforts should be made to place individuals in on-the-job training and public service employment positions. Although subsidized employment is more costly, it may be the only way to place many program participants in the relatively poor labor market which is forecasted for 1975. (See p. 22.)

## CHAPTER 1

### INTRODUCTION

The Work Incentive (WIN) program, authorized by title II of the Social Security Amendments of 1967 (42 U.S.C. 630), was designed to provide certain recipients of the aid to families with dependent children (AFDC) program with incentives, opportunities, and necessary services to enable them to (1) be employed in the regular economy, (2) receive training for work in the regular economy, and (3) participate in special work projects, so as to move them from welfare dependency to economic self-sufficiency through meaningful jobs.

To improve the WIN program, referred to as WIN I, major legislation was enacted--Public Law 92-223, approved December 28, 1971--to change the program's operations and emphasis. These amendments, effective July 1, 1972, under the program referred to as WIN II, provided in part for:

- Registration with the local manpower agency for services, training, and employment of all individuals as a condition of eligibility for AFDC, except those specifically exempted.
- Increased Federal funding, providing for 90-percent Federal and 10-percent State funds.
- Establishment of a separate administrative unit (SAU) in the State welfare agency to provide supportive services to WIN participants.
- Replacement of special work projects with public service employment (PSE) for individuals for whom a job in the regular economy could not be found.
- Emphasis on employment-based training by requiring expenditures for on-the-job training (OJT) and PSE of not less than one-third of new program funds expended by the Department of Labor.

In addition, the Revenue Act of 1971 (26 U.S.C. 40) provided for a special tax incentive for employers of WIN participants, to facilitate job development and placement.

Although WIN II is designed to move certain AFDC recipients into jobs, not all such recipients are expected to participate in the program. The 1971 amendments specifically exempt the following classes of recipients from the requirement that they register with WIN to receive, or continue to receive, AFDC benefits.

- Persons under age 16 or attending school full time.
- Persons too ill, too old, or otherwise incapacitated.



- A mother or other relative needed at home to care for a child under age 6.
- Persons needed at home to care for ill or incapacitated household members.
- Persons so remote from a WIN project that effective participation is precluded.
- Mothers in families where the father or other adult male relative in the home has registered.

Exempt recipients may register voluntarily for WIN participation.

The 1971 amendments require that the manpower agency accord priority to WIN registrants in the following order, taking into account employability potential: (1) unemployed fathers, (2) mothers who volunteer for participation, (3) other mothers and pregnant women under 19 years of age, (4) dependent children and relatives age 16 and over, who are not in school or engaged in work or manpower training, and (5) all others. New York is one of the States which has elected to provide AFDC payments to families in which the father is unemployed.

WIN II is administered jointly by Labor and the Department of Health, Education, and Welfare (HEW) and operated through State agencies. In fiscal years 1972, 1973, and 1974, the Congress authorized expenditures of \$259 million, \$293 million, and \$340 million, respectively, for WIN operations.

Federal expenditures during fiscal years 1973 and 1974, for WIN activities in New York State and in Labor and HEW Region II<sup>1</sup> are shown in the following table.

	Fiscal year 1973 expenditures			Fiscal year 1974 expenditures		
	<u>Labor</u>	<u>HEW</u>	<u>Total</u>	<u>Labor</u>	<u>HEW</u>	<u>Total</u>
	(000 omitted)					
New York State	\$25,734	\$10,921	\$36,655	\$26,726	\$17,221	\$43,947
Region II	\$34,076	\$20,096	\$54,172	\$36,467	\$27,784	\$64,251

In New York, the manpower services division of the State Department of Labor, under contract with the U.S. Department of Labor, is the prime WIN sponsor. The Division directs 11 projects throughout the State, 1 of which is in New York City. The New York City project operates the

<sup>1</sup>Labor and HEW Region II consists of New York, New Jersey, the Commonwealth of Puerto Rico, and the Virgin Islands.

WIN program through 10 local employment service-WIN offices throughout the city. The 43 welfare offices in New York City are responsible, through the city's Human Resources Administration, to the State Department of Social Services (DSS).

#### SCOPE OF REVIEW

This report discusses the administration and implementation of the New York City WIN program from July 1, 1972, the effective date of the 1971 WIN amendments, through June 30, 1973, and includes selected WIN data for fiscal year 1974 which we did not evaluate. Followup evaluation will be made after WIN II has been in operation for a longer period of time.

We reviewed appropriate legislation and applicable regulations, policies, procedures, and practices of Labor, HEW, and the State agencies and their local counterparts, and interviewed manpower and welfare officials at regional, State, and local levels.

We also reviewed pertinent records at 1 of the 10 local employment service-WIN offices in New York City and at 24 of the 43 local welfare offices. The WIN office selected for review was considered by State manpower officials to be representative of the New York City local WIN offices and accounted for 3,818 of the approximately 56,000 WIN registrants in the city during fiscal year 1973. The 24 welfare offices were those responsible for welfare services for individuals referred to the WIN office selected for our review. We corresponded with a number of employers in the New York City area about the tax credit provision of the 1971 Revenue Act.

## CHAPTER 2

### REGISTRATION AND SELECTION FOR WIN PARTICIPATION

During fiscal year 1973 nearly 56,000 AFDC recipients were registered for WIN in New York City. Of these, about 23,000 were selected to participate, compared with a goal of about 43,000 participants. During fiscal year 1974 the city registered over 39,000 recipients and selected about 44,000 to participate. The goal was about 39,000 participants. See appendixes I, II, and III for detailed goals and accomplishments for New York City, New York State, and Region II, respectively, as reported by Labor.

Based on our tests at one local office, problems of implementing WIN II included:

- Registration by the welfare agency of individuals who could not be selected to participate in WIN.
- Delays in implementing registration and in processing registrants.
- WIN staff time spent interviewing some registrants who had temporary medical problems or were found to be exempt.
- Duplicative sanctioning processes and little control over the records of those being sanctioned.

In addition, on the basis of the characteristics of WIN registrants in our sample it seems that many registrants have small chance of getting well-paying jobs. For example, the majority of registrants in our sample were out of the labor market for 2 or more years or had never worked, had 8 or fewer years of education, and had been on welfare for 3 or more years.

How the WIN process is designed to work, how it was working in New York City, and what we believe should be done to improve the process so that more registrants are able to participate are discussed in this chapter. Job placement, welfare savings, employment, and other matters are discussed in subsequent chapters.

#### HOW THE WIN PROCESS IS DESIGNED TO WORK

This section outlines how the WIN process is designed to work, as described in Labor and HEW guidelines.

A new applicant for AFDC benefits is screened immediately by the welfare agency to determine if he (1) is exempt from WIN, (2) is exempt, but wishes to register as a volunteer, or (3) must be registered. Persons already on AFDC rolls are screened during periodic eligibility reviews of AFDC cases. The welfare agency sends completed registration forms to the local manpower agency.

Of those registered for WIN, some may not be able to benefit immediately from WIN's job placement services for various reasons, such as they are working at low-paying jobs and receiving supplemental welfare assistance, have temporary illnesses, or are enrolled in schools or training. As a first step in deciding who might benefit, the local manpower agency selects individuals for appraisal from among those registered by the welfare agency.

Local manpower agency staffs, together with the welfare agency's SAU staff, then appraise registrants for employability on the basis of priorities set forth in the 1971 amendments. For registrants deemed most employable and for whom placement opportunities are available, the manpower agency asks SAU to certify that any supportive services the registrant needs to participate in WIN--such as medical care, child care, or other services--have been provided or arranged and that the registrant is ready to enter training or employment. Those so certified become participants and report to the local manpower agency for orientation and placement in training or employment. Registrants not selected for participation are returned to the registrant pool.

When a participant obtains a job, the first 90 days of unsubsidized employment<sup>1</sup> constitute the "job entry" period, during which he remains a WIN participant. During this period, supportive services are provided as required. After completing the job entry period, working participants are dropped from WIN (deregistered) if their earnings are sufficient to remove them from the welfare rolls. If not, these working participants are recycled to the registrant pool, in a nonparticipant status, where they remain unless they get off welfare or lose their jobs and are again selected to become program participants.

The following chart shows the general flow and certain outcome possibilities for AFDC recipients who register for WIN.

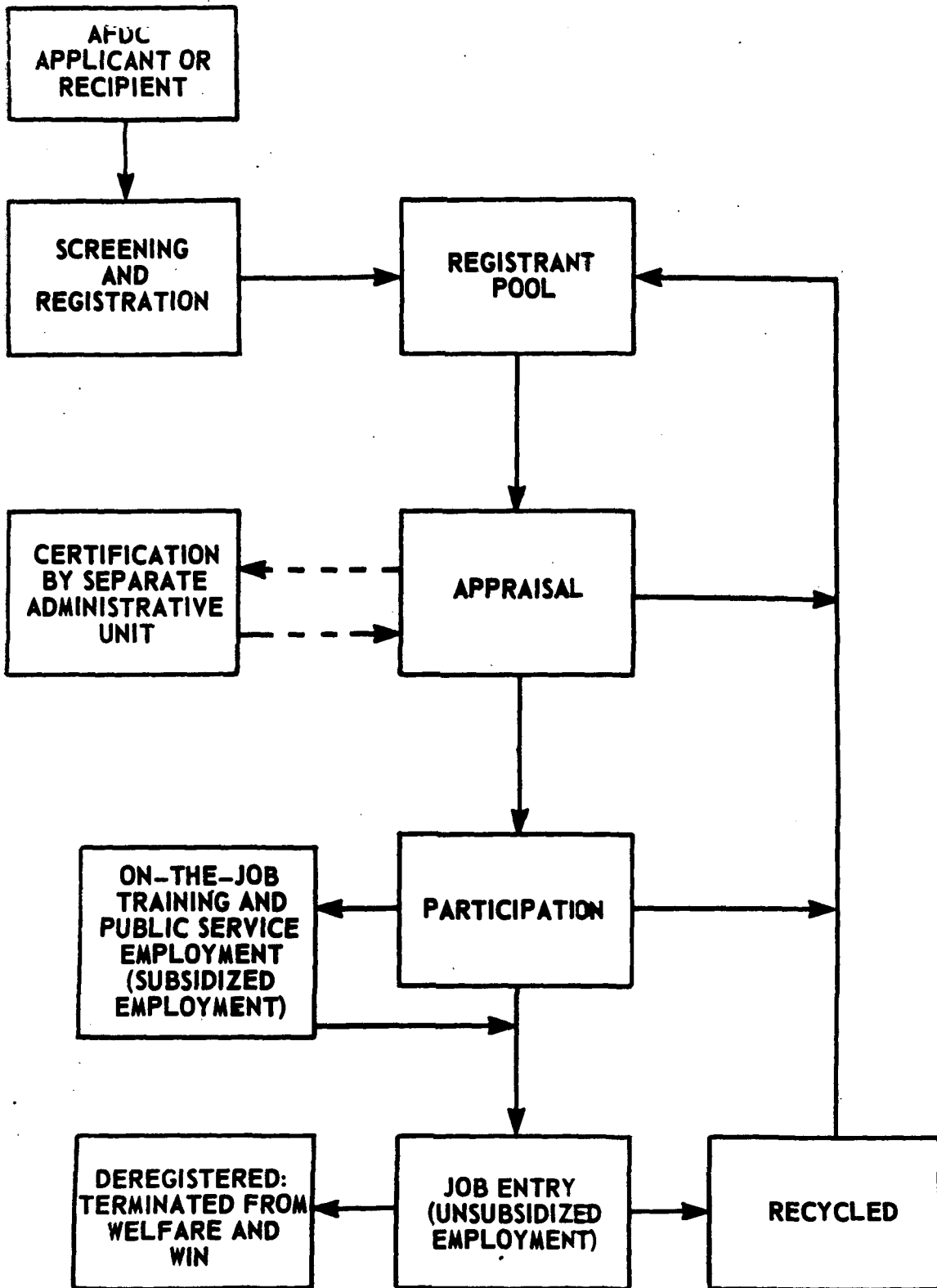
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<sup>1</sup>Employment in which all employee wages and other costs are paid by the employer, in contrast to subsidized employment, such as OJT and PSE, in which all or part of wages or costs are funded by WIN.

# WIN CLIENT FLOW

## WELFARE AGENCY

## MANPOWER AGENCY



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## HOW THE PROCESS WAS WORKING IN NEW YORK CITY

To examine the WIN process, we randomly selected case files for 108 of the 2,061 registrants at one New York City local WIN office from July 1, 1972, through April 16, 1973. In addition to determining the characteristics of the registrants, we followed these cases through the various steps in the WIN process to determine why relatively few registrants were selected to participate in the program.

### Registration

Persons seeking public assistance in New York City apply to the application section of 1 of 43 local DSS offices. AFDC applicants are referred to the employment section. There appointments are arranged with employment specialists to explain WIN and to determine whether the applicants are legally exempt from the registration requirement. Those found exempt are told that they may volunteer for WIN.

The WIN registration form is completed by the DSS employment specialist and signed by the registrant. Completed forms are sent to the central New York City DSS office for further review. Properly completed registration forms are then forwarded to the central New York City WIN office, which distributes the forms on the basis of geographical location to the 10 local offices.

### Problems with completion of registration forms

In 18 cases in our sample the registration forms had to be returned to DSS either for sanction because of noncooperation or because registrants were obviously exempt for such reasons as medical problems, being on State welfare rolls rather than on AFDC, or having children under 6 years of age and not volunteering to register. For 57 registrants for whom time frame data was available, an average of 28 days elapsed from the date of DSS registrations to the date the local WIN office received the forms. For 56 registrants for whom additional time frame data was available, an average of 18 days elapsed from receipt of the registration forms in the WIN office to the date of the appraisal interviews.

### Delays in implementing registration process

New York City got off to a slow start in registering individuals for the WIN II program. Although registration of AFDC fathers began in July 1972, AFDC females and fathers newly applying for AFDC benefits were not registered on a regular basis until December 1972. Labor guidelines suggested that registration of recipients already on AFDC rolls be completed by December 1972. The flow of registration forms to the central WIN office started in July 1972, but it was not until January 1973 that a substantial increase was recorded.

Late in 1972 the Metropolitan Area Director of the New York State Employment Service sent letters to the Commissioner of the Human

Resources Administration stating that (1) the WIN offices were prepared to appraise 1,500 registrants a week, (2) it had received less than 4,000 registration forms through October 1972, and (3) of the forms received, more than half were returned to the Human Resources Administration because they were incomplete, duplicates, or for individuals already enrolled in WIN or exempt under the law.

As of March 1973, DSS had processed only 49 percent of the 102,000 female AFDC recipients in New York City having children over 6 years of age, the potential female registrants for WIN. According to a DSS official, it was not until the end of May 1973 that 96,000, or 94 percent, of the potential female registrants received notification to report to DSS for interviews to determine whether they were required to register for WIN. Approximately 86,500 were interviewed. About 40,000 were mandatory registrants, about 37,000 were exempt and did not register, and about 4,600 were voluntary. About 4,900 of the remaining group who were interviewed were notified that sanctions were being considered because of their refusal to cooperate.

Labor Department Region II officials believed that the delayed start of the WIN II program was caused partly by the late distribution of guidelines by the State WIN office. Although the State manpower services division had distributed certain sections of its local office guidelines by July 1, 1972, most of the substantive material was not distributed until October. HEW regional officials believed that progress was hindered by internal bickering over which city group within the welfare centers was to handle the registration process and by lack of staff.

#### Registrant characteristics

Data on characteristics was available for most registrants in our sample and showed that the majority

- were female,
- were nonwhite or Spanish speaking,
- were mandatory registrants,
- had been out of the labor market for 2 or more years or had never worked,
- had 8 years of education or less,
- were between 30 and 44 years of age, and
- had been on welfare for 3 years or longer.

The lack of current work experience and the low educational achievement indicate that it would be somewhat difficult for the average registrant to obtain a job paying well enough to get off welfare.

## Appraisal

On the basis of reviews of the registration forms, the local WIN office schedules appraisal interviews for unemployed fathers, the most employable mandatory female registrants, and volunteers. The interview covers a wide variety of factors relating to the registrant's employability problems, interests, hobbies, family relationships, extent and type of supportive services needed, and work history. After the WIN staff completes its portion of the appraisal interview, SAU then interviews registrants selected for participation in WIN. Both interviews usually take place on the same day. Individuals selected are certified by SAU, while those considered poor prospects for employment are returned to the registrant pool.

Many registrants selected for appraisal interviews were not selected to participate in WIN. Of the 68 registrants in our sample of 108 who were selected for appraisal interviews, only 35 became participants. Of the remaining 33 registrants, 2 failed to report for appraisal, 3 were awaiting appraisal, 15 were awaiting certification, 2 failed to report for program participation, and 11 were not selected for participation because of temporary medical problems or because they were found to be exempt.

Some changes in a participant's circumstances may occur between the time the local office receives the registration form and the scheduled interview. However, we believe the delay between registration and receipt of the form by the WIN office contributed to the low selection number. More careful selection of those to be interviewed also appeared to be needed. It seems that WIN staff time could be used more productively by interviewing only those registrants who could actually be selected for program participation.

## Certification

Under the 1971 WIN amendments, the welfare agency must certify that it will provide health, vocational rehabilitation, counseling, child care, and other supportive services necessary to enable individuals to accept employment or training.

In New York City, after needed services have been arranged or when no certification can be given, SAU returns the completed certification form to the WIN staff. Program officials stated that, if a person cannot be certified for participation, it is very often due to a temporary medical condition. Generally a certification is completed in less than 30 days, but, according to WIN and DSS staffs, lack of child care has sometimes increased the timelag.

In our sample of 108 registrants, 48 of 63 registrants selected for participation on the basis of appraisal interviews continued through the certification process, and 15 were awaiting formal certification. For those certified, the average time between appraisal and certification was 23 days.



## Sanctions

The Social Security Act, as amended, provides for sanction of individuals receiving AFDC payments who have been certified as ready for employment or training but who refuse, without good cause, to participate in WIN. After being offered a fair hearing, they may be declared by the welfare agency as no longer eligible for AFDC payments. A WIN participant terminated from an active WIN status for failure to participate without good cause is, however, entitled to a 60-day period of counseling by the welfare agency. This is designed to persuade him to participate in the program. If he accepts counseling, he may continue to receive AFDC benefits during the 60-day period. WIN guidelines view failure to appear for several scheduled appraisal interviews as rendering meaningless the individual's WIN registration.

In New York City, DSS is responsible for sanctioning AFDC clients who refuse to register for WIN. The WIN staff, in turn, is responsible for sanctioning registrants who fail to report for appraisal or participants who refuse to cooperate. These two sanctioning processes generally parallel each other in that both start the process at the local level and have appeal features to a higher level, except that, at the conclusion of the State Department of Labor adjudication process, those sanctioned by WIN are entitled to a 60-day counseling period before being recommended to DSS for final grant termination.

After the 60-day counseling period, those being sanctioned by the WIN staff are then entitled to the full DSS processing-and-appeal procedure. Registrants exercising these appeal rights can cause a delay of many months before actual sanctioning. Each registrant is entitled to continuation of his grant until he gets a decision from the New York State DSS Fair Hearing Section. In April 1973 a U.S. Labor Department regional official told us that the State Department of Labor was carrying out its sanction adjudication procedures for appeals on schedule but that the DSS adjudication procedures for appeals were delayed up to 9 months due to backlogs.

Statistics on potential sanctions were not readily available. No separate lists were maintained indicating which individuals were notified that their grants might be adjusted or terminated as a sanction as opposed to termination or adjustment due to employment or change in family circumstances. DSS data on grant termination due to refusals to participate was incomplete, and other data available on interim steps leading to termination or reduction of grants did not separately identify those in the sanction process.

In our sample, we found that nine registrants failed to report for appraisal or otherwise refused to cooperate. Sanction action had been initiated against the six who were mandatory registrants; the remaining three were voluntary registrants who were returned to exempt status.

## CONCLUSIONS

WIN II had a slow start in New York City. Slow implementation of registration procedures appeared to be a primary factor, but it also took too long to process AFDC recipients through the registration, appraisal, and certification steps; the average at the time of review was 69 days. Because of delays, many AFDC recipients did not receive any WIN services for most of fiscal year 1973.

The time frame for registering and for processing those who register should be shortened. More careful assessments should be made by DSS as to whether potential registrants are eligible for WIN and by the WIN staff in scheduling appraisal interviews so that interview time is taken up only with registrants who can be selected for participation. Regulations published in the Federal Register on September 18, 1974, propose, among other changes, that the registration function be done by local manpower agencies and that WIN hearing procedures, including sanctioning, be unified. If these regulations become effective and are properly implemented, many problems noted in our review and discussed in this chapter may be alleviated.

Although the proposed regulations would deal with some of the sanctioning problem, separate control records must be maintained on individuals recommended for sanction to determine whether sanction action is being taken or is effective.

## RECOMMENDATIONS TO THE SECRETARIES OF HEW AND LABOR

We recommend that the Secretaries of HEW and Labor encourage the New York State Department of Labor and DSS to act to insure that:

- Less of a timelag exists between registration and certification of WIN registrants.
- More careful assessments are made at registration and in scheduling registrants for appraisal interviews, so that only those eligible for WIN are registered and only those who can be selected for participation receive an appraisal interview.
- Adequate control over the records of those being sanctioned is established to determine whether sanction action is being taken.

AGENCY COMMENTS

Labor and HEW concurred with our recommendation concerning the time-lag between registration and certification. (See apps. IV and V.) Both stated that the recently proposed redesign of WIN is directed toward shortening this time frame.

Concerning our recommendation that more careful assessments be made at registration and in scheduling registrants for appraisal interviews, Labor and HEW stated that the proposed redesign should improve the process. It is planned that registration (to be done by the WIN staff instead of the welfare agency) and appraisal will be done on the same day if at all possible. When this is not possible, Labor and HEW plan to use preappraisal screening to insure proper scheduling of registrants for appraisal interviews.

Labor and HEW concurred with our recommendation on improving controls over the sanction process and listed a number of actions planned as part of the proposed redesign.

### CHAPTER 3

#### PLACEMENTS AND THEIR EFFECT ON WELFARE COSTS

Although New York City has special units responsible for job development, the number of job placements was low, falling short of established goals. During fiscal year 1973, the WIN project reported 4,046 placements, or 7 percent of the city's 55,806 WIN registrants. Its goal was 16,834. During fiscal year 1974, the city reported 7,017 placements, compared with a goal of 10,936.

During fiscal year 1973, the city's welfare savings resulting from WIN placements were not reported. Our tests showed, however, that some savings were realized but that overpayments were made because of delays in adjusting welfare grants.

#### JOB PLACEMENT

Under WIN II, program emphasis was changed from training to direct placements and employment-based training, which includes OJT and PSE. Job placement involves moving job-ready WIN participants into appropriate employment. This is accomplished by referring participants to available jobs or to specific opportunities developed for them by the WIN staff.

In New York City, five different organizational entities are involved in job development efforts.

- Job Development Section of the local WIN office, which finds training and jobs for job-ready WIN participants.
- Central Employer Relations Office, which develops jobs for all Employment Service programs, including WIN.
- Central Job Development Unit, which is part of the city's WIN project and which develops jobs exclusively for WIN.
- Central OJT Office which develops OJT positions for New York State Department of Labor programs.
- An independent Job Developer in the local WIN office, responsible for developing jobs for participants that the Job Development Section has difficulty in placing.

At the office we visited, participants considered the most employable are called into the WIN Job Development Section. Here an interviewer discusses the participant's preferences and abilities and tries to match his job experience with an opening, using various sources and methods, such as:

- The job bank screening system, a statewide computerized system that provides lists of up to five openings fitting a participant's

profile. (Computer input data for the system is obtained from the various central units responsible for job development.)

--A register of all employers who have requested WIN participants.

--Want ads and telephone solicitations.

Employers to whom WIN participants are referred are given a card by the participant which they are requested to return to the WIN office indicating whether the participant was hired or, if not, why not.

Our review of WIN placements in May 1973 included analyses of the characteristics of those placed, sources of assistance, types of jobs obtained, whether those obtaining jobs kept them, and extent of welfare savings. The analyses were based on the case files of 100 WIN participants selected at random from 339 individuals placed by one local WIN office from May 1972 through February 1973.

#### Characteristics of WIN participants placed

Below is a list of the characteristics of the 100 WIN participants in our placement sample.

Type of registration:		
Mandatory	78	percent
Voluntary	22	percent
Sex:		
Female	62	percent
Male	38	percent
Average number of dependents	2.8	number
In need supportive service	40	percent
Average age of recipients	33	years
Average educational level	9.3	years
Average time on welfare	3.3	years
Average time out of labor market	2.8	years
Number originally enrolled in WIN:		
Before July 1, 1972 (WIN I)	77	percent
After July 1, 1972 (WIN II)	23	percent
Ethnic background:		
Black	40	percent
White	60	percent (49 percent Spanish speaking)
Marital status:		
Married	46	percent
Single	18	percent
Divorced and/or separated	36	percent

Type of assistance received

WIN placed 65 percent of the participants in our sample, and 35 percent found their own jobs. Of those placed by WIN, 60 percent completed job entry (a 90-day period), while 80 percent of those who were self-placed completed job entry. After receiving only supportive services or orientation from WIN, 43 percent entered job entry directly, while 57 percent entered after receiving some training. Only 13 percent of those in our sample who were enrolled under WIN II received some type of training, compared with 70 percent in WIN I.

Type and duration of the training received by the sample group follows.

<u>Training components</u>	<u>Cases</u>	<u>Average time (weeks)</u>
Skill	29	28
Work experience	3	30
General equivalency diploma	4	33
Adult basic education	20	36
Other training	<u>1</u>	13
Total	<u>57</u>	

The average wage was \$2.62 an hour for those who received some training and \$2.43 for those who received no training. Of those who received some training, 72 percent completed job entry and of those who received no training, 60 percent completed job entry.

Type of jobs obtained

WIN participants in our sample were placed in the following jobs, with salaries ranging from \$1.85 to \$6.65 an hour and averaging \$2.54.

<u>Type of job</u>	<u>Total placements</u>	<u>Average wage</u>
Skilled:		
Secretary	4	\$3.13
Licensed practical nurse	3	3.69
Auto mechanic	<u>2</u>	3.00
Average wage for skilled workers	<u>9</u>	3.28
Semiskilled:		
Garment worker	8	2.06
Maid	8	2.32
Machine operator	7	2.31

Truck driver	3	2.58
Maintenance man	2	2.50
Salesman	<u>2</u>	2.80
Average wages for semiskilled workers	<u>30</u>	2.32
Unskilled:		
Clerk (general)	32	2.68
Assembler	7	1.89
Material handler	7	2.01
Packager	3	1.85
Porter	3	2.48
Guard	<u>2</u>	2.18
Average wage for unskilled workers	<u>54</u>	2.42
Other (note a)	7	3.52

<sup>a</sup>Included in this category is a female court reporter earning \$6.65 an hour, who received 2 years of court reporter training, which she began under WIN I.

Of the entire sample of 100, participants who received training represented 78 percent of those placed in skilled jobs and 60 and 52 percent, respectively, of those placed in semiskilled and unskilled jobs.

The 42 participants whose wages exceeded the average wage of our 100-case sample generally had higher education levels and 67 percent had received training.

#### Duration of employment

As discussed previously, a greater proportion of self-placed and of trained participants completed job entry. Of our total sample, 67 percent completed job entry; 26 percent earned enough to get off welfare and were deregistered, and 41 percent did not earn enough and were recycled. Of those who were deregistered, 92 percent were male. Females accounted for 95 percent of those who were recycled. In our sample, 34 percent of the females and 32 percent of the males did not complete the job entry period. Those who did not complete the job entry period worked an average of 9.5 weeks, while those who completed it had worked an average of 27 weeks at the time of our sample.

#### LIMITED IMPACT OF PLACEMENTS ON WELFARE COSTS

Under HEW regulations, families of employed fathers become ineligible for AFDC payments if the father works 100 hours or more a month. In computing the grant for which an employed female head of an AFDC family

might be eligible, however, the Social Security Act provides that the first \$30 a month of her gross earnings and one-third of the remainder be disregarded. Such work-related expenses as transportation and income taxes are also disregarded. As a result of these financial incentives, many AFDC females who become employed continue to receive AFDC payments.

In New York City, the income maintenance unit of DSS is responsible for determining eligibility and authorization of AFDC payments. SAU, which is collocated with the WIN staff at the local WIN office, notifies the responsible income maintenance unit to reevaluate and adjust a grant after a recipient obtains employment.

The city's income maintenance unit procedure, in accordance with Federal requirements, states that a client must receive 15 days' notice before this public assistance grant can be reduced or terminated, regardless of the reason. The delay allows the client time to file an appeal with the State for a fair hearing. The grant must be continued in full until a final decision is rendered. The 15-day requirement notwithstanding, we found that income maintenance units were slow in processing grant adjustments.

Within our random sample of 100 placements, 59 grants were recalculated as a result of the participants' obtaining employment. However, at least 3 months after the individual became employed, 38 grants had not been recalculated and 3 case files were not available for review. Federal regulations require that a redetermination of eligibility be made within 30 days after a report is obtained indicating changes in the individual's circumstances which may affect the amount of assistance he is entitled to or which may make him ineligible. For grants which were adjusted, an average of 14 weeks elapsed between the date a participant obtained employment and the date his grant was adjusted. These substantial timelags--an average of 12 weeks after the 15-day grace period--or omissions in reducing or terminating grants occurred in 91 percent of our sample cases and were responsible for overpayments which we estimated to total \$65,000 during fiscal year 1973. We verified some adjustments made to grants and found them correctly computed in nearly all cases.

New York City did not report welfare savings until September 1973. In 53 of the 59 grants in our placement sample which were recalculated, however, savings did occur. We calculated that the actual monthly savings realized from grant reductions as a result of participants becoming employed amounted to \$9,127, an average of about \$172 a month for each participant.<sup>1</sup>

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<sup>1</sup>We did not attempt to determine the number of WIN participants in our sample whose grants were recalculated, who could be expected to have obtained employment without becoming WIN participants, or who obtained employment through their own efforts.



## CONCLUSIONS

Placement goals for fiscal years 1973 and 1974 were not met, partly because of the slow processing of registrants, as discussed in chapter 2. However, considering the characteristics of the participants in the WIN office where we conducted our review--considered a representative site by State officials--and the average wages earned by those placed, it may be difficult to significantly increase placements into well-paying jobs. Without such placements, there is some doubt as to how much impact WIN will have on significantly reducing welfare costs.

Our sample showed that, of those placed in jobs, many WIN I enrollees had received training but that few WIN II enrollees had. This could present a problem in placing WIN participants in the future because of (1) the relatively low educational level and little recent job experience of many WIN registrants and (2) current program emphasis on job placement rather than training.

Reductions and terminations of AFDC grants were not being processed expeditiously. As a result, overpayments were being made which limited the impact that job placements could have had on reducing welfare costs.

## RECOMMENDATION TO THE SECRETARY OF HEW

We recommend that the Secretary of HEW act to insure that DSS makes timely adjustments of welfare grants in New York City.

## AGENCY COMMENTS

HEW stated that the quality control program of its Social and Rehabilitation Service is providing an impetus for continuing improvement in effecting timely sanctions. Also, the actual deregistration of WIN individuals under the proposed redesign will be conducted by the WIN manpower agency staff; consequently, unless a welfare agency staff challenges the basis for the sanction (or the client appeals), the welfare agency will have to make timely grant reductions or face the loss of Federal financial participation in the inappropriately continued grant.

## CHAPTER 4

### ON-THE-JOB TRAINING AND PUBLIC SERVICE EMPLOYMENT

In fiscal year 1973 New York City fell far short of its goal for developing and filling OJT and PSE positions. Only 627 persons were enrolled in OJT during fiscal year 1973 in contrast to a goal of 2,884. Of the 529 persons entering OJT during fiscal year 1973, 62 percent dropped out before completing the contract period. The PSE goal was 293 positions, but only 8 were filled. Reported fiscal year 1974 data showed that the city filled 1,484 OJT and 401 PSE positions, in contrast to goals of 6,444 and 574, respectively.

Labor's contract with New York State specified that the State must insure that at least one-third of State expenditures in Federal WIN funds, beginning with appropriated fiscal year 1973 funds, must be for OJT and PSE. Based on reported expenditures of fiscal year 1973 funds through June 30, 1973, New York State spent about 22 percent (\$2.9 million) and region II about 19 percent (\$3.5 million) on OJT and PSE activities. Reported data for fiscal year 1974 showed that OJT and PSE expenditure levels rose to about 43 percent in New York State and 39 percent in Region II.

#### OJT POSITIONS

OJT provides for structured skill training for WIN participants under contracts with public and private employers who are federally reimbursed for up to 50 percent of trainee wages. A participant is to be hired with an expectation of continuing employment in the occupation for which he was trained, and the occupation should require sufficient skill to warrant a training period of not less than 4 weeks. Occupations which have not traditionally required specific occupational training as a prerequisite are not eligible.

The Central OJT Office of the New York Department of Labor is responsible for promoting, developing, and maintaining all types of OJT programs authorized by Federal and State Governments. In New York City, leads to potential employers are received from the Central Employer Relations Office and the WIN Central Job Development Unit. The Central OJT Office also develops its own leads and promotes the program through telephone calls and mailings of OJT information to employers.

A State Department of Labor official told us that WIN OJT was being given top priority; however, efforts to promote and develop OJT positions have resulted in limited success. In addition to reaching only 22 percent of the OJT enrollment goal in New York City, statistics provided by the director of the Manpower Services Division of the State Department of Labor showed that, as of July 27, 1973, 62 percent of WIN participants in the city who entered OJT during fiscal year 1973 dropped out before completing the contract period. Reported OJT activity in the city for

this period is shown in the following table. Data was not readily available on the number of OJT enrollees who obtained unsubsidized employment after either dropping out or completing the contract period.

WIN OJT Activity in New York City

Contracts awarded in fiscal year 1973	241
OJT slots involved	594
Participants entering in fiscal year 1973	529
Participants remaining as of July 27, 1973	187
Dropouts as of July 27, 1973:	
Did not complete contract period	213
Completed contract period	<u>129</u>
Total	<u>342</u>
Dropout rate	62 percent
Completion rate	38 percent

A State Department of Labor official attributed the dropout rate primarily to

- disillusionment of trainees once they were on the job,
- dismissal by employers for trainees' insufficient progress, and
- supportive service breakdown or change in home situation which made it impossible for trainee to continue working.

He also said that many OJT openings tend to be in occupations traditionally filled by males and that, although the total WIN universe is substantial, the number of employable and trainable males is limited.

In our random sample of 100 of the 339 placements made by one local WIN office (see ch. 3), we noted that only 3 had previously been enrolled in OJT, all males: They were employed as (1) a jewelry polisher at \$2.75 an hour, (2) a maintenance man at \$2.50 an hour, and (3) a traffic clerk at \$3.43 an hour. All three were still employed by their original OJT employer.

According to Labor Department regional statistics on 145 OJT contracts awarded in the city during fiscal year 1973, wages for the 321 slots involved ranged from \$2.00 to \$4.51 an hour.

PSE POSITIONS

PSE is designed to provide a WIN participant, for whom a job in the regular economy cannot be found, with a transitional subsidized job in a public or private nonprofit agency. According to the 1971 WIN amendments,

PSE employers may be subsidized for employment costs at the rate of 100 percent the first year, 75 percent the second year, and 50 percent the third year. Labor Department guidelines, however, limited reimbursement to an average of \$5,200 per participant during the first year. In addition, the guidelines provide that there be 3 man-years of OJT for every man-year of PSE. According to Labor, this was done because the relatively high cost of PSE would severely limit the number of persons who could participate in WIN.

Development of PSE positions in New York State was severely hampered by the fact that the average salary limitation of \$5,200 per participant was lower than the average salary level for public service positions in the State for which they would qualify. To overcome this problem, New York State officials requested a waiver of the PSE average payment guideline from Labor in February 1973. The State's request was granted in June 1973. According to New York State WIN officials, funding on a month-to-month basis rather than funding of a guaranteed amount for the year and the late issuance of Federal guidelines (received from Labor in January 1973) also hampered efforts to develop PSE positions.

There were only 8 PSE placements in New York City during fiscal year 1973, and a total of 10 in New York State. Reported data for fiscal year 1974 showed that 401 PSE positions were filled in the city, compared with a goal of 574.

#### OJT-PSE EXPENDITURE REQUIREMENT

The U.S. Department of Labor's WIN contract with the New York State Department of Labor provided that:

"In accordance with Section 431(b) of the Social Security Act (as amended December 1971) the Contractor [New York State] agrees to ensure that at least 33-1/3%\* of the total FY 1973 Federal funds expended for operation of the WIN FY 1973 program shall be expended for On-the-Job Training and Public Service Employment."

"\*The 33-1/3% limitation applies only to Fiscal Year 1973 new obligational authority as per DOL [U. S. Department of Labor] Field Memo 301-72 dated July 14, 1972."

This provision was included in the contract to implement the intent of the 1971 amendments to emphasize employment-based training. The requirement applies to funds commencing with fiscal year 1973 appropriations. WIN funds not spent at the end of a fiscal year may be spent in subsequent years.

Based on reports through June 30, 1973, New York State spent about 22 percent of fiscal year 1973 funds for OJT-PSE. Similar expenditure data that we obtained for Region II as a whole indicated that the region had spent 19 percent on OJT and PSE. The data is shown in the following table.

Reported WIN expenditures  
fiscal year 1973 funds

	<u>OJT-PSE Expenditures</u>			<u>OJT-PSE percent of total</u>
	<u>Labor total</u>	<u>Contracts</u>	<u>Administra- tive</u>	
(000 omitted)				
New York State	\$13,000	\$1,823	\$1,068	22
Region II	18,075	2,202	1,281	3,483 19

Reported data for fiscal year 1974 showed that approximately 43 percent of the WIN expenditures in New York State and 39 percent in Region II were for OJT and PSE.

CONCLUSIONS

Development of OJT and PSE positions in New York City fell far short of goals during fiscal years 1973 and 1974. Many participants who began OJT during fiscal year 1973 did not complete the training period. Action is needed to develop and fill more OJT and PSE positions and to examine the reasons for the high dropout rate on OJT contracts.

RECOMMENDATIONS TO THE SECRETARY OF LABOR

We recommend that the Secretary of Labor encourage the New York State Department of Labor to:

- Make every effort to develop, and to place eligible WIN participants in, OJT and PSE positions.
- Determine what measures could be taken to insure that more OJT participants complete the contract period.

AGENCY COMMENTS AND OUR EVALUATION

Labor did not concur with our recommendation on developing, and placing eligible WIN participants in, OJT and PSE positions. It acknowledged the slow start during fiscal year 1973 but stated that the expenditure levels for these positions exceeded statutory requirements during fiscal year 1974. Labor also stated that, given the program's success with direct placements, the use of more expensive OJT and PSE contracts would be restricted to employment opportunities that exceeded the norm as an inducement to employers to offer better jobs to WIN participants.

Based on reported data, there is no question that Labor expenditures for OJT and PSE exceeded statutory requirements for fiscal year 1974. On the other hand, appendix II shows that New York State did not meet goals for OJT and PSE during fiscal years 1973 or 1974. Although OJT and PSE are more costly than direct placement, subsidized employment may be the only way to place many WIN participants in the relatively poor labor market forecasted for 1975. We believe that efforts should be made to place individuals in OJT and PSE positions.

Labor concurred in our recommendation on insuring that more OJT participants complete the contract period. It said that the State has assigned field staff to visit all participants and employers to discuss any problems participants may be experiencing.

## CHAPTER 5

### IMPACT OF TAX CREDIT

The Revenue Act of 1971 authorized a tax credit for employers of WIN participants as an incentive to increase employment opportunities. Despite efforts to promote it, however, the tax credit did not appear to have a major impact on job placement in New York City. During fiscal years 1973 and 1974 only 392 and 1,088 tax credit certifications, respectively, were issued to city employers.

Under the act, effective January 1, 1972, employers of WIN participants are entitled to a tax credit equal to 20 percent of the salaries and wages paid to such participants for the first 12 months of employment. To be eligible for a tax credit, the employer must employ the participant for 12 months (not necessarily consecutively) within a 24-month period from the original time of hiring plus the following 12 months after the initial employment period is completed.

Employers interested in claiming the tax credit must file a declaration of eligibility with the WIN office for each registrant. The employer must state--and the WIN office must certify--that the employee was hired under the WIN program, did not displace another individual from employment, and that the employment meets and will continue to meet Federal, State, and local laws governing employee hours, wages, and benefits.

The maximum allowable credit during a tax year is \$25,000 plus 50 percent of an employer's tax liability in excess of \$25,000. Credits earned in excess of the maximum can be carried back up to 3 years, but not prior to 1972, and carried forward 7 years. The tax credit cannot be claimed, or must be repaid by the employer, if the employee is terminated without good cause during either the first or second 12-month period. If the employee quits, terminates because of illness, or is dismissed for good cause, the employer may claim a tax credit on the amount of wages or salary paid for the months the individual was employed.

### PROMOTIONAL EFFORTS

Although the New York State Department of Labor had worked to promote the tax credit, the total volume of WIN placements was low. Apparently the tax credit did not influence employers to hire WIN participants. Only 392 and 741 tax credit certifications were issued in New York City and New York State, respectively, during fiscal year 1973 and 1,088 and 1,791 during fiscal year 1974.

According to the director, Manpower Services Division, New York State Department of Labor, efforts from June 1972 through May 1973 to promote the tax credit program included:

--General publicity, with three newspaper advertisements devoted solely to the tax credit.

--A series of spot announcements on radio by local announcers, including two recordings by the State industrial commissioner describing tax credit benefits.

--A letter to the Empire State Chamber of Commerce Associated Industries and other major employer organizations.

--A letter to employers of five or more persons.

The State mailing went to 185,000 firms in New York City. The city WIN project, in three separate mailings, contacted 6,500 employers. In addition, a project official appeared on a television show to promote the WIN program and the tax credit. A WIN official said they were also planning other television and radio spot announcements, advertising in other media, and contacts with companies' accountants as means of alerting employers to the tax-saving provisions.

The director, Manpower Services Division, informed Labor that, despite these efforts, the WIN tax credit had not been a major factor in placements. He believes that large firms are not interested and that moderate-sized firms are interested only if they can get fully qualified workers. According to the director, the most interest was expressed by marginal employers having jobs paying minimum wages and with high turnover rates. He suggested that Labor sell the program to main offices of nationwide firms on behalf of all the States as a means of furthering employer awareness of the credit.

#### EMPLOYER AWARENESS OF AND REACTION TO TAX CREDIT

To examine the extent of employer awareness of the tax credit and its impact upon hiring practices, we mailed a questionnaire to 100 employers in New York City selected at random from lists provided by the employment service. The mailing was divided equally between those who had hired WIN participants from the one local WIN office tested and those who had not. We received responses from 30 employers. Our summary of their responses follows.

Of 16 employers who had hired WIN participants

--5 stated that the tax credit had influenced their decision to hire participants,

--5 said their decision was not influenced by the availability of a tax credit,

--6 failed to comment as to whether the tax credit had influenced their decision to hire,

--7 said they would hire WIN participants again,



--2 said they would not hire WIN participants again, and

--7 did not indicate their feelings on the matter.

Of the 14 employers responding who had not hired WIN participants, 12 said they would consider doing so, and 2 stated they would not. Of the 12 employers who would consider hiring WIN participants, 8 stated that the tax credit would be an incentive and 4 felt that it would not. Only 6 of these 14 employers were aware of the tax credit program.

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CONCLUSIONS

The New York State Department of Labor and the New York City WIN project have made substantial efforts to promote the tax credit. Although the number of tax credit certifications issued increased from fiscal year 1973 to 1974, the mixed reaction of employers to our questionnaire led us to question whether the tax credit was the primary reason for the participants being placed and, therefore, whether it has had any significant impact on providing employment for WIN participants.

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## CHAPTER 6

### MANAGEMENT INFORMATION SYSTEM

The WIN management information system, developed jointly by Labor and HEW, was designed to serve as a management tool and as a source of information for reports to the Congress. Differences existed in statistics reported by the State manpower and welfare agencies. Welfare savings, one measure of program success, were not reported for fiscal year 1973 by the New York City WIN project or by New York State.

The manual which describes the joint Labor and HEW reporting requirements for the WIN II program requires three monthly reports on WIN activities--one from State welfare agencies and two from State manpower agencies. The monthly report from the welfare agencies is to include data obtained from both SAU and the income maintenance unit on WIN activities, such as registration, exemptions from WIN, certifications, supportive services provided, and assistance payment savings. One report from the manpower agencies is designed to give Labor information on the overall effectiveness of the program and the other to obtain information on participant characteristics. The following problem areas were noted.

#### PARTICIPANT COUNT

The WIN management information system required that individuals reported as participants be only those registrants who had been appraised and found to be appropriate for WIN and for whom an employability plan had been initiated. New York State, in apparent conformance with these requirements, reported as participants all registrants who had been appraised and selected for certification but not yet certified. However, a number of these appraised registrants were ultimately not certified for such reasons as medical problems and, therefore, did not enter WIN components. As indicated earlier, our random sample of 108 WIN registrants showed that only 35 of 63 registrants appraised by the WIN staff and referred for certification became true program participants.

#### REPORTED JOB PLACEMENTS

A job placement, as described by Federal instructions, occurs when someone is placed in an unsubsidized job for 1 day or longer. Following this description, once an individual is placed, a job placement is reported regardless of whether he remains on the job. If he leaves the job, no adjustment is made to the placement total. If he is subsequently placed on another job, however, another job placement is reported. Consequently, the number of job placements reported represents actions taken rather than the number of individuals actually placed. Our random sample of 100 placements showed that 67 percent of those placed completed the job entry period on their first job.

As designed, the WIN management information system reporting of placements did not differentiate between placements resulting from WIN referrals and those resulting from the individual finding his own job. The New York City WIN project manager has required this information on supplemental reports from the 10 local WIN offices in the city to enable closer monitoring and managing of job placement activity. In our sample of 100 placements, 65 percent resulted from WIN referrals; the remainder found their own jobs.

WELFARE SAVINGS NOT REPORTED

Although the amount of savings in welfare costs that can be attributed to the WIN program is an essential ingredient for measuring its success, the State of New York did not report welfare savings until August 1973. The New York City WIN project did not report such savings until September 1973. Reports which purported to contain regionwide welfare savings data were produced during fiscal year 1973, but results were understated because they did not include data for New York State.

DIFFERENCES BETWEEN MANPOWER AND WELFARE STATISTICS

Certain data elements, such as the number of registrants and certifications, are reported to Labor each month by State manpower and welfare agencies. A comparison of the reported data showed inconsistencies between data reported by the two agencies. The following table illustrates these differences for February 1973 for New York City.

<u>Category</u>	<u>Monthly activity summary reports</u>	
	<u>Manpower agency</u>	<u>Welfare agency</u>
Registrants:		
Mandatory	5,196	9,689
Voluntary	<u>941</u>	<u>1,218</u>
Total	<u>6,137</u>	<u>10,907</u>
Certification requested	1,842	1,971
Certification completed	1,137	1,233
Deregistrations:		
Employed	51	31
Exempted	138	74
Refusals	19	13
Other	69	50

A Labor regional official said that the primary reasons for the discrepancies were the use of different source documents by the two agencies and the use of different cutoff dates for monthly reports.

## CONCLUSIONS

The WIN management information system was not fully or properly implemented in New York State during fiscal year 1973. Reported data did not show the true number of program participants, because it included registrants who were appraised, but did not become certified or subsequently enrolled in a program component. The definition of "participant" needs to be changed to prevent this from happening in the future.

Statistics reported by the two State agencies were inconsistent. Moreover, welfare savings attributed to WIN--one measure of the program's success or failure--were not reported by New York State until August 1973 or by New York City until September 1973.

Reporting of job placements and welfare savings are key elements in measuring the success or failure of the WIN program. Consideration should be given to modifying the reporting system so that both the number of placements and the number of persons placed are reported. Reporting whether or not the placement occurred as a result of a WIN referral should also be considered. Welfare savings resulting from the employment of WIN participants should be reported as required by joint Labor and HEW guidelines. Action should also be taken to resolve the differences, where possible, between reports submitted by State manpower and welfare agencies.

## RECOMMENDATIONS TO THE SECRETARIES OF HEW AND LABOR

We recommend that the Secretaries of HEW and Labor encourage the New York Department of Labor and the New York DSS to take action to resolve the differences between data reported by the two agencies.

We also recommend that the Secretaries of HEW and Labor change the definition of "participant" in the management information system so that only data on the number of participants enrolled in WIN components is reported.

## AGENCY COMMENTS

Labor and HEW concurred in the recommendation that differences between data reported by the New York State manpower and welfare agencies be resolved. Both Departments stated that (1) uniform, monthly, cutoff dates for reporting have now been established, (2) State agencies now receive training and technical assistance on reporting, and (3) the reports now correlate with only minor variances. New York State DSS said that all reporting discrepancies had essentially been worked out except for a rather large variance in reporting certifications. DSS stated that this problem was being corrected.

Both Departments concurred in our recommendation regarding accurate reporting of the number of participants enrolled in WIN components. HEW stated that the specific definition concerning program operations was being reviewed to make certain that the actual activities were properly stated.

## CHAPTER 7

### COORDINATION BETWEEN MANPOWER AND WELFARE AGENCIES

The WIN amendments strongly emphasize coordination between manpower and welfare agencies at regional, State, and local levels. Close coordination of WIN program activities appeared to exist at all levels.

A Regional Coordinating Committee, composed of Labor and HEW officials, was established as required by the WIN amendments. The Committee reviews and approves all statewide operating plans. It meets quarterly, and whenever the need arises, to resolve WIN problems. Joint solutions to problems are disseminated in formal Regional Coordinating Committee issuances.

Coordination between the New York State Department of Labor and DSS also appears to be adequate and is enhanced by

- interchange of statistical reports,
- preclearing of major procedural releases,
- meetings every 3 weeks to resolve problem areas, and
- joint planning.

The 1971 amendments did not result in any major organizational changes in New York State's Department of Labor. However, the State DSS established an SAU for WIN within its Bureau of Social Services at the State level. In addition, each of the 10 local WIN offices in New York City has a collocated SAU staff responsible for certification and for supplying needed supportive services to WIN participants.

WIN GOALS AND REPORTED ACCOMPLISHMENTS FOR NEW YORK CITY

Major category	Fiscal year 1973		Fiscal year 1974	
	Original goal	Revised goal (note a)	Goal	Actual
Registrants	81,250	81,250	26,868	39,020
Registrants appraised	73,125	45,557	37,200	42,930
Participants	58,840	43,388	39,093	43,963
Certifications completed	58,840	43,388	19,614	12,295
Participants enrolled in:				
OJT	2,884	2,884	6,444	1,484
PSE	293	293	574	401
Institutional training (note b)	7,468	7,468	3,390	4,656
Other manpower programs	120	324	80	1,038
Job placements	19,614	16,834	10,936	7,017
Completed job entry period:	12,759	10,942	7,109	3,964
Recycled	(c)	(c)	(c)	3,188
Deregistered	(c)	(c)	(c)	776

<sup>a</sup>Regional goals were revised by Labor and HEW in April 1973 because of cuts in the fiscal year 1973 WIN budget request and a freeze on enrollments in other manpower programs. State contract goals were revised either by the National Office or the regional manpower administrator and the States. Goals for the New York City project were derived by us from revised State goals.

<sup>b</sup>Many participants reported as enrolled in institutional training during 1973 were carryovers from WIN I.

<sup>c</sup>Not applicable--no goals established.

APPENDIX II

WIN GOALS AND REPORTED ACCOMPLISHMENTS FOR NEW YORK STATE

Major category	Fiscal year 1973		Fiscal year 1974	
	Original goal	Revised goal (note a)	Goal	Actual
Registrants	180,000	125,000	65,000	61,784
Registrants appraised	100,000	70,087	60,000	61,120
Participants	90,525	66,750	63,054	66,872
Certifications completed	52,000	15,000	31,635	20,135
Participants enrolled in:				
OJT	6,065	4,437	10,394	3,329
PSE	1,448	450	924	876
Institutional training (note b)	9,900	10,439	5,009	6,705
Other manpower programs	15,390	800	288	1,632
Job placements	30,142	25,899	17,639	12,536
Completed job entry period:	19,590	16,834	11,466	7,475
Recycled	(c)	(c)	(c)	5,610
Deregistered	(c)	(c)	(c)	1,865

a, b, and c--See app. I.



WIN GOALS AND REPORTED ACCOMPLISHMENTS FOR REGION II

Major category	Fiscal year 1973		Fiscal year 1974	
	Original goal	Revised goal (note a)	Original goal	Revised goal (note b)
Registrants	258,534	213,940	102,866	144,760
Registrants appraised	142,341	85,537	81,665	97,570
Participants	179,834	81,399	84,821	68,300
Certifications completed	65,551	46,174	39,968	39,540
Participants enrolled in:				
OJT	8,703	5,738	12,985	9,650
PSE	2,061	728	1,653	1,940
Institutional training (note c)	14,650	12,600	14,125	3,480
Other manpower programs	21,866	1,780	7,680	7,680
Job placements	42,823	31,596	23,917	28,820
Completed job entry period:	27,834	20,522	15,596	18,730
Recycled	(d)	(d)	(d)	(d)
Deregistered	(d)	(d)	(d)	(d)

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<sup>a</sup>See app. I.

<sup>b</sup>Regional goals were revised by Labor and HEW in Feb. 1974. State contract goals and city goals were not revised.

<sup>c</sup>Many participants reported as enrolled in institutional training during 1973 were carryovers from WIN I.

<sup>d</sup>Not applicable--no goals established.

APPENDIX IV

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



DEC 20 1974

MEMORANDUM TO: GREGORY J. AHART  
DIRECTOR  
MANPOWER AND WELFARE DIVISION  
U.S. GENERAL ACCOUNTING OFFICE

Subject : Comments on the GAO Study of the Implementation of the  
WIN Program in New York City

This is in response to your request for comments on the GAO findings in its draft report entitled, "Slow Implementation of the Work Incentive Program in New York City."

"The Secretaries of HEW and Labor encourage the New York State Department of Labor and the New York State Department of Social Services to take actions which will assure that there is less of a time lag between registration and certification of WIN registrants." (p. 23)

The Department concurs with the intent of the recommendation. The recently proposed redesign of the WIN program states explicitly that registration and appraisal shall occur at the same time whenever possible. Actual completion of the registration act will now occur in WIN offices instead of the welfare agency. With continually increased acceptance of collocation at local levels between WIN offices and SAU staff, same day registration and appraisal could increasingly become the rule.

However, a continuing shortage of funds will curtail operations by both WIN staff and SAU staff, except to satisfy the legal requirement that nonexempt AFDC recipients be registered for WIN. If services are not available due to limited funds, the timelag between registration and certification must increase.

A further benefit of having WIN staff complete the registration process is that the staff most concerned with having to develop employment for the registrant will have the ability to determine what specific services will be needed in light of the individual's work history.

GAO note: Page references in this appendix may not correspond to the pages of this report.

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#### APPENDIX IV

"The Secretaries of HEW and Labor encourage the New York State Department of Labor and the New York State Department of Social Services to take actions which will assure that more careful assessments are made by the welfare agency at registration and by WIN staff in scheduling registrants for appraisal interviews, so that only those eligible for WIN are registered and only those who can be selected for participation receive an appraisal interview." (p.24)

The Department concurs with this recommendation. Its several parts need separate responses, however. We agree with the need to avoid registering people who are not eligible for WIN--that is, registering only applicants for or recipients of AFDC. We fully expect the improved registration process put forth in the redesign to further improve this situation over what it was in Fiscal Year 1973.

Only scheduling for appraisal interviews those who can be selected for participation is a less clear-cut problem. As noted earlier, same day appraisal and registration will vastly improve this problem where it can be done. Where it cannot be done--either because of delay or impracticability of collocation, or because resources to work with participants are not available--the timelag problem will be reintroduced, with the attendant problem of changing circumstances among the registrant population. We have found in the past, that SAU staff were frequently quite effective in improving the appraisal process through "preappraisal screening," once names had been selected for interview by WIN staff; the results of the SAU preappraisals became the basis for joint selection of those actually called in for appraisal. Should extensive timelag become more widespread, for want of program resources, preappraisal screening would resume its place as a continually important SAU activity.

"The Secretaries of HEW and Labor encourage the New York State Department of Labor and the New York State Department of Social Services to take actions which will assure that adequate control over those being sanctioned is established to determine whether sanction action is being taken." (p. 24)

The Department concurs with the sense of the recommendation. We see more likely improvement arising from control and monitoring of the sanctioning process, and those charged with effecting the sanctions, than from attempting any control over those being sanctioned. As noted in your draft report on page 23, we anticipate substantial further improvement in the sanction and grant adjustment processes to occur as a result of the redesign. Actual deregistration will now be effected by the manpower agency. In addition,

#### APPENDIX IV

however, we are developing a significantly less complex management information system. Review and monitoring of the data reported will be more readily accomplished; and technical assistance to trouble spots will consequently be more timely and appropriate.

"The Secretary of Labor encourage the New York State Department of Labor to make every effort to develop and place eligible WIN participants in OJT and PSE positions." (p. 38)

The Department does not concur with this recommendation as stated. The development of the OJT and PSE components was slow in starting up in Fiscal Year 1973 with only 22 percent of expenditures for OJT/PSE in New York State, and a total of 19 percent for the region. As noted in the report, however, the comparable figures for Fiscal Year 1974 were 43 percent and 39 percent for the region. Thus, the State and the region are presently exceeding the statutory requirement of expenditures.

Given the program's success with direct placements, we cannot agree that the two agencies should "make every effort to develop and place eligible WIN participants in OJT and PSE positions." Markedly less expensive ways of assisting AFDC recipients in WIN to enter the labor market are available. We will restrict the use of OJT and PSE contracts to employment opportunities that exceed the norm as an inducement to employers to offer better jobs to WIN participants.

"The Secretary of Labor encourage the New York State Department of Labor to determine what measures could be taken so that more OJT participants complete the contract period." (p. 38)

The Department concurs with this recommendation. The State Department of Labor has assigned field staff to visit each participant and their employer in an OJT situation to discuss with each any problems which they may be experiencing. This has helped to effectively reduce the dropout rate.

"The Secretaries of HEW and Labor require the New York Department of Labor and the New York DSS to take action to resolve the differences between data reported by the two agencies." (p. 48)

The Department concurs in this recommendation. At the time of this study, collocation of both the Labor Department and welfare agencies has not occurred and communication between the two agencies was strained. Both agencies had established different monthly cutoff dates for reporting and each had an interpretation of reporting items. Collocation has

APPENDIX IV

increased their communications and their reporting dates are synchronized. Both agencies now receive training and technical assistance from the collocated regional office staff. This training presents the accepted interpretations of reporting items to both agencies at the same time. Their reports now correlate with only minor variances.

"The Secretaries of HEW and Labor require the New York Department of Labor and the New York DSS to take action to obtain and report accurate data on the number of participants enrolled in the WIN components." (p. 48)

The Department concurs in this recommendation.

[See GAO note]

*Fred G. Clark*  
FRED G. CLARK  
Assistant Secretary for  
Administration and Management

GAO note: The deleted comment relates to a matter which has been revised in the final report.

APPENDIX V



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

WASHINGTON, D.C. 20201

OFFICE OF THE SECRETARY

JAN 13 1975

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

Dear Mr. Ahart:

The Secretary has asked that I reply to your letter of November 12, 1974, in which you asked for our comments on a draft report entitled, "Slow Implementation of the Work Incentive Program in New York." Our comments are enclosed.

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

Sincerely yours,

  
John D. Young  
Assistant Secretary, Comptroller

Enclosure

APPENDIX V

COMMENTS OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE ON A GAO  
DRAFT REPORT ENTITLED, "SLOW IMPLEMENTATION OF THE WORK INCENTIVE  
PROGRAM IN NEW YORK"

GAO RECOMMENDATION

The Secretaries of HEW and Labor should encourage the New York State Department of Labor and the New York State Department of Social Services to take actions which will assure that there is less of a time lag between registration and certification of WIN registrants.

DEPARTMENT COMMENT

We concur with the intent of the recommendation. Modifications in the WIN program design has the potential to substantially shorten the time frame between registration and certification. In this connection, under the WIN redesign, registration and appraisal will take place on the same day (whenever possible). However, in cases where resource constraints limit the availability of services, the time lag between registration and certification in all probability will not be shortened.

GAO RECOMMENDATION

The Secretaries of HEW and Labor should encourage the New York State Department of Labor and the New York State Department of Social Services to take actions which will assure that more careful assessments are made by the welfare agency at registration and by WIN staff in scheduling registrants for appraisal interviews, so that only those eligible for WIN are registered and only those who can be selected for participation receive an appraisal interview.

DEPARTMENT COMMENT

We concur. The improved registration process proposed in the WIN redesign should even further improve this situation.

It should be noted, however, that at the time of the GAO study, New York City and many other locations around the country were working with registration data that was regrettably incomplete and inaccurate. In New York City's case in particular, this was caused by the necessity for registration by mail to meet the deadline to register the entire caseload between July 1st and December 31st of 1972. This situation no longer exists.

## APPENDIX V

Scheduling probable participants for appraisal interviews will also be facilitated by redesign. In this connection, the registrant's work history will be available to the registering staff person, who will also determine the appropriateness of further action based on an immediate personal assessment; and where feasible, same-day appraisals could be accomplished.

The recommendation for more careful selection for appraisal has been met, nationwide, by SAU staff performing a "pre-appraisal screening", where the selection for an appraisal is not made at the time of registration.

### GAO RECOMMENDATION

The Secretaries of HEW and Labor should encourage the New York State Department of Labor and the New York State Department of Social Services to take actions which will assure that adequate control over those being sanctioned is established to determine whether sanction action is being taken.

### DEPARTMENT COMMENT

We concur in the need for improvements in the sanctioning process and controls over those charged with effecting sanctions. In this vein, we anticipate substantial further improvement in the sanction and grant adjustment processes to occur as a result of the redesign. Specifically: (1) deregistrations will now be effected by the manpower agency thereby eliminating coordination problems that presently exist; (2) a significantly less complex management information system is being developed which should obviate paper flow weaknesses; (3) review and monitoring of the data reported will be more readily accomplished; and (4) technical assistance to trouble spots will consequently be more timely and appropriate.

### GAO RECOMMENDATION

The Secretary of HEW should take action to assure that the DSS makes timely adjustments of welfare grants in New York City.

### DEPARTMENT COMMENT

We concur. The Quality Control program of the Social and Rehabilitation Service is providing an impetus for continuing improvement in timeliness of effecting sanctions by the Department of Social Services. The proposed redesign addresses this recommendation directly since the actual deregistration of WIN individuals will be conducted by the WIN manpower agency



staff; consequently, unless DSS staff challenge the basis for the sanction (or there is a client appeal) DSS will have to make timely grant reductions or face loss of Federal financial participation in the inappropriately continued grant. With respect to page 32 of report, welfare savings have been reported currently since May of 1973. [See GAO note 1.]

#### GAO RECOMMENDATION

The Secretaries of HEW and Labor require the New York Department of Labor and New York DSS to take action to resolve the differences between data reported by the two agencies.

#### DEPARTMENT COMMENT

We concur. At the time of the study, collocation of both the Labor Department and welfare agencies had not occurred: Both agencies had established different monthly cut-off dates for data reporting and each had an interpretation of reporting items. Collocation has improved communications and reporting dates are synchronized. Both agencies now receive training and technical assistance from the collocated Regional Office staff. This training presents the accepted interpretations of reporting items to both agencies at the same time. Their reports now correlate with only minor variances which are more of a function of coming from different sources rather than from two agencies.

#### GAO RECOMMENDATION

The Secretaries of HEW and Labor require the New York Department of Labor and the New York DSS to take action to obtain and report accurate data on the number of participants enrolled in the WIN components.

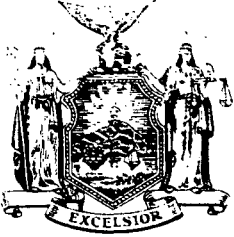
#### DEPARTMENT COMMENT

We concur in principal. We are reviewing the specific definition concerning program operations to make certain that the actual activities are properly stated.

[See GAO note 2.]

- GAO notes:
1. Our check of WIN Monthly Program Activity Summary Reports obtained from New York City showed that welfare savings were not reported until September 1973 and were reported on a monthly basis during fiscal year 1974 except for the months of January and June. Also, the New York DSS, in commenting on this report, stated that the reporting of welfare savings for New York City began in September 1973. (See app. VII.)
  2. The deleted comment relates to a matter which has been revised in the final report.

APPENDIX VI



STATE OF NEW YORK  
DEPARTMENT OF LABOR  
STATE OFFICE BUILDING CAMPUS  
ALBANY, N. Y. 12226

LOUIS L. LEVINE  
INDUSTRIAL COMMISSIONER

December 6, 1974

Again v  
and we

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

Dear Mr. Ahart:

Thank you very much for providing us with the opportunity for commenting on the draft copy of your report on the Work Incentive Program. Staff have reviewed this report and I am told that it represents a generally accurate picture of the implementation of WIN II in New York City, with the following exceptions:

- The several references to the lack of goal achievement do not include acknowledgement of the fact that these goals were forced upon us by the Federal Agencies with no input from the State and in opposition to our consistent position that they were unrealistically high. (pp. 2, 12, 25. Appendix I)
- Concerning the area of appraisal, the theory that "only those who can be selected for participation receive an appraisal interview" is fine. Unfortunately, there is simply not enough information on the normal registration transmittal to make this determination. It should be noted that one of the prime functions of appraisal is to select participants from among those registered. (pp. 23 & 24)
- The first sentence under the heading OJT Positions would be more accurate if it read "OJT provides for structured skill training for WIN participants under contracts with public and private employers who are Federally reimbursed in an amount up to 50% of a trainee's wages." (pp. 33 & 34)
- In describing the chronology of events surrounding the delay in development of PSE, it should be pointed out that Federal guidelines for implementing PSE were not received until January 1973, followed by our waiver request in February which was granted in June. (pp. 36 & 37)  
[See GAO note on next page.]

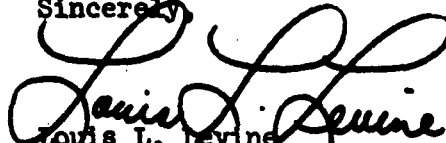
GAO note: Page reference in this appendix may not correspond to the pages of this report.

APPENDIX VI

[See GAO note]

Again we felt the staff work in assembling and preparing this report was good, and we look forward to working with them again at some future time.

Sincerely,

  
Louis L. Devine  
Industrial Commissioner

GAO note: The deleted comment relates to a matter which has been revised in the final report.



STATE OF NEW YORK  
DEPARTMENT OF SOCIAL SERVICES

1450 WESTERN AVENUE  
ALBANY, NEW YORK 12206

EDWARD W. MAHER  
EXECUTIVE DEPUTY  
COMMISSIONER

December 18, 1974

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

Dear Mr. Ahart:

This letter is in response to your letter to Commissioner Lavine of November 12, 1974 with which you transmitted copies of your Draft Audit Report entitled "Slow Implementation of the Work Incentive Program in New York City (B-164031(3))." I wish to assure you that staff of this Department have given very careful consideration to the findings of this Report and have the following comments to offer:

1. With respect to your finding that 18 of the 108 cases in your sample were returned to D.S.S. either for sanction because of non-cooperation or because the registrants were obviously exempt when referred to the State Employment Service, we would like you to know that this situation has been corrected. In addition to greatly improved screening at Income Maintenance Centers, there is a review centrally of each registration form before it is sent to the State Employment Service. The result is that currently there is a very low rejection rate by the State Employment Service. Those cases which require medical examinations prior to referral are still somewhat of a problem because doctors do not return the examination information as promptly as needed, although the City is making every effort to improve this area of activity.

2. While we agree that there was some delay by the City in registering individuals in ADC for WIN II, ADC-U individuals were registered on a timely basis. Also, it must be remembered that although the Department of Labor's Guidelines were received on a timely basis, this Department did not receive the HEW Guidelines and final Regulations until two months before this complicated program had to be completely operative which was insufficient lead-time for a complex operation like the New York City Department of Social Services.

3. We are in agreement with your comment that the sanction process has been confusing and cumbersome. However, under the WIN Redesign, this process is being amended in the hope that the existing confusion can be eliminated.

APPENDIX VII

4. Although this Department is in agreement with your finding that initially, the reporting of AFDC reductions and terminations of Welfare grants were not processed expeditiously, there has been very consistent follow-up by this Department with the following results:

1. New York City began to report welfare savings in September, 1973 on the NCSS-117.

2. As a result of our recommendations and urging, the City has agreed to have an Income Maintenance Specialist assigned to the Employment Units in each Income Maintenance Center by the first of the year. One of their functions will be to provide input and organization on the reporting of AFDC reductions as well as providing information as to the reason for the AFDC reduction. Presently, the City, based on a formula, reports only an estimate of the total AFDC reductions. The Income Maintenance Specialist on-site will provide the City with information on actual AFDC reductions by category. The City is presently reporting AFDC grant reductions at an average of \$250,000 a month.

5. While it is true that since July 1972 there have been differences in the data being reported by the Departments of Labor and Social Services, both of these State agencies have worked closely with local districts to rectify this reporting discrepancy. We are very pleased that as a result of this effort there was approximately a 1% variance between the figures reported by the Department of Labor and Social Services for the period July 1974 through October 1974. For that period, however, there was a rather large variance in the reporting of certifications. Again, as a result of this Department's corrective action follow-up, this discrepancy has been eliminated in each of 9 of the 12 WIN District Counties. We are currently working to correct it in the remaining 3, one of which is New York City. We expect that this problem will be resolved during the first quarter of 1975.

Thank you very much for sharing this Draft Report with us. You may be assured that we will continue to monitor this Program closely in an effort to assure timely and effective administration of it.

Sincerely yours,



Edward W. Maher