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

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Dear Mr. Obey:

Your letter of June 2, 1972, requested that we review the process by which funds for the Job Opportunities in the Business Sector (JOBS) program in fiscal year 1972 were allocated to Wisconsin and then reallocated away from the State. You indicated that your principal interests were: (1) how much was allocated and why, (2) when was the reallocation made, how much was involved, and why it took place, and (3) whether any of the reallocated funds were then made available to Wisconsin for other manpower programs. The enclosure to this letter presents the results of our review.

It was subsequently agreed with your office that we would provide some brief information on the results of the JOBS program in Wisconsin. Such information is included as appendix I to the enclosure.

We trust that this report will serve the purpose of your request. Officials of the Department of Labor have not been given the opportunity to consider and comment formally on the contents of this report. We plan to make no further distribution of this report unless copies are specifically requested and then only after your agreement has been obtained or you have publicly announced its contents.

Sincerely yours,

Comptroller General  
[Deputy] of the United States

Enclosure

The Honorable David R. Obey  
House of Representatives

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REVIEW OF THE ALLOCATION OF FEDERAL  
FUNDS TO WISCONSIN  
FOR THE JOB OPPORTUNITIES IN THE BUSINESS SECTOR  
(JOBS) PROGRAM DURING FISCAL YEAR 1972

BACKGROUND

Funds to operate various manpower training programs, principally administered by the Department of Labor, are provided under the Manpower Development and Training Act (MDTA) of 1962, as amended (42 U.S.C. 2581), and the Economic Opportunity Act (EOA) of 1964 (42 U.S.C. 2701). Although not specifically authorized by name in the legislation, the basic concepts of the JOBS program are authorized under both EOA and MDTA. EOA authorizes financial assistance in urban and rural areas for comprehensive work and training programs-- including programs to provide incentives to private employers, other than nonprofit organizations--to train or employ unemployed or low-income persons. MDTA directs the Secretary of Labor to provide occupational training for those unemployed or underemployed persons who cannot otherwise be expected to secure appropriate full-time employment.

HOW MUCH ALLOCATED AND WHY

The JOBS program was funded for fiscal year 1972 only under the authority of MDTA. In previous years the program had been funded under the authority of both EOA and MDTA. Section 301(a) of MDTA provides that, for the purpose of effecting an equitable apportionment of Federal expenditures among the States in carrying out the programs authorized under parts A and B of title II (under which the JOBS program is authorized), 80 percent of the funds be apportioned (allocated) to all the States in accordance with uniform standards and that such standards consider only certain factors which are listed in section 301, such as the levels of unemployment and the amounts of unemployment insurance paid. The remaining 20 percent is available to the Secretaries of Labor and of Health, Education, and Welfare to be used as they deem necessary to carry out title II of MDTA. Section 301 also provides that the funds may be reapportioned but that such a reapportionment shall not occur before March 31, the end of the ninth month of the fiscal year.

After the enactment of the 1972 Manpower Training Services appropriation (Public Law 92-80) on August 10, 1971, the Department of Labor's Manpower Administration, in a September 9, 1971, memorandum to its Regional Manpower Administrators (RMAs), released apportionments to all the States for a number of manpower programs funded under MDTA. On the basis of statutory factors, Wisconsin was apportioned \$3,991,000 for the JOBS program.

### REALLOCATION

The Department of Labor had been planning to reallocate or to reprogram the 1972 program levels of the Manpower Training Services appropriation since the first quarter of fiscal year 1972. The Department asked governors and selected mayors in June 1971 to provide the Department, through the Cooperative Area Manpower Planning Systems (CAMPS), with their recommendations on the levels and kinds of manpower programs most needed in their local areas. Department officials stated that the general reprogramming of some programs early in 1972 was based on the recommendations of CAMPS and of RMAs to the extent that funds were available and other national office constraints permitted. The Department stated that the awarding of fewer JOBS contracts than had been anticipated and the passing of legislation (discussed below) which exempted JOBS program funds from the apportionment requirements of MDTA influenced the reprogramming of the JOBS program.

On December 15, 1971, the Supplemental Appropriations Act, 1972 (Public Law 92-184), was enacted. It provided, among other things, funds to the Department of Labor to carry out manpower training services under title I of EOA. The law contained a provision which exempted the amount appropriated for fiscal year 1972 for the Concentrated Employment Program (CEP) and for the JOBS program from apportionment as required by section 301 of MDTA.

Once the JOBS program funds were exempted from the apportionment requirement, the Department proceeded to obtain reprogramming approval from the Office of Management and Budget and the appropriate congressional committees.

In a letter dated January 27, 1972, to the Chairman of the Senate Appropriations Subcommittee, the Secretary of Labor said:

"The original 1972 program levels were established more than a year ago. Since that time, State and local Cooperative Area Manpower Planning Agencies throughout the country have reviewed the kinds of manpower programs which will best meet their local needs, taking into account local economic conditions. These needs have been translated into specific program levels which, when summarized on a national basis, dictate a change in the levels of some of the programs."

A similar letter was sent to the Chairman of the House Appropriations Subcommittee.

The Department proposed to reduce the Private Sector On-The-Job-Training (OJT) program (of which JOBS is a part), \$66,300,000; the Public Sector OJT program, \$30,200,000; CEP, \$12,200,000; and program support, \$2,300,000. The funds were reprogramed to other manpower programs and services. Schedules showing the details of these changes are in appendixes II and III.

The JOBS program funds were ultimately reduced by \$74,400,000, of which \$8,100,000 was transferred to the JOBS Optional program, making a net reduction of \$66,300,000 in the Private Sector OJT program.

About \$8,300,000 of the \$66,300,000 was reprogramed to CEP to permit the release of EOA funds, initially allocated to CEP, for older worker programs under the Operation Mainstream program. Both EOA and MDTA funds can be used to finance CEP, but only EOA funds can be used for Operation Mainstream programs.

The remaining JOBS program funds of \$58,000,000 were reprogramed to other programs, as follows:

Millions

|               |   |
|---------------|---|
| \$47.6        | Institutional training:   |
|               | \$20 million--veterans program  |
|               | 26.6 million--national programs   |
|               | 1 million--Department of Health, Education,<br>and Welfare (HEW) program administration |
| 10.0          | Neighborhood Youth Corps--summer  |
| <u>.4</u>     | CAMPS committee staff   |
| <u>\$58.0</u> | Total   |

It was not possible to set the precise date of the re-programming. The Department of Labor received oral approval from the two appropriation subcommittees, and in a February 23, 1972, telegram, the Acting Deputy Manpower Administrator advised the regions of revised allocations for the JOBS program, which were based on reprogramming decisions. Region V, in which Wisconsin is located (see app. IV), received a revised allocation of \$6 million for the JOBS program that reflected a \$29.8 million reduction from the initial \$35.8 million in JOBS program funds. The telegram also advised the regional offices that the funds being distributed to each region for the JOBS program were available for use in any State in the region at the Regional Manpower Administrator's discretion.

In an April 1972 telegram concerning anticipated fiscal year 1973 funding, the Deputy Manpower Administrator told all RMAs that fiscal year 1972 funds for CEP and JOBS had been redirected from regions having low rates of use during the first part of the fiscal year. He also said that increases in other program areas did not offset the withdrawals in an equitable manner and resulted in a distribution of funds which was not in proportion to poverty population, unemployment, or the MDTA apportionment factors. He emphasized that the RMAs should not be bound by the fiscal year 1972 revised allocations in estimating their fiscal year 1973 needs.

AVAILABILITY OF REALLOCATED FUNDS

It is not possible to determine precisely how much of the reprogrammed funds were subsequently made available to the various States because (1) the funds were not identified on a

state-by-state basis when the reprogramming was made and (2) the Department's records did not always indicate whether funds provided to its regions were reprogrammed funds.

The situation was made more complex by the retention of certain funds by Department of Labor headquarters to fund national programs. During the reprogramming exercise, changes were made among programs, among regions, and between the regions and the national office. When the reprogrammed funds from the JOBS program were added to the national program account and were used for national emphasis programs for the remainder of the year, they could not be identified as being former JOBS program funds.

From a detailed review of budget and accounting documents and from discussions with Department personnel in Washington, D.C., and in Chicago, Illinois, we were able to identify reprogrammed funds of \$2,163,985 which were designated for Wisconsin, as follows:

|                                     |           |
|-------------------------------------|-----------|
| Operation Mainstream                | \$965,000 |
| Neighborhood Youth Corps, in-school | 600,000   |
| Operation Mainstream, older worker  | 261,960   |
| Jobs for Veterans, job listing      | 103,495   |
| Neighborhood Youth Corps, summer    | 233,530   |

For the reasons discussed above, however, and as explained in the schedule reflecting the effect of the reprogramming (see app. III), we were unable to determine the total reprogrammed funds which may have been received by Wisconsin.

JOBS PROGRAM IN WISCONSIN

At May 31, 1972 (latest date for which information was available), there were six JOBS program contracts active in the State. A total of 224 persons had been hired under these contracts, and 82 trainees were on board. Fifty-two persons had not completed the training program; 87 persons had completed the training program provided by the contractor--essentially OJT--and remained employed with the employer-contractor. The Department of Labor had obligated \$267,149 for these contracts, as follows:

| <u>Company</u>             | <u>Amount of contract</u> |
|----------------------------|---------------------------|
| Gimbel Brothers, Inc.      | \$ 31,984                 |
| Oscar Mayer and Co.        | 53,250                    |
| Metro Milwaukee Associates | 59,445                    |
| A. O. Smith Corporation    | 52,250                    |
| A. O. Smith Corporation    | 51,250                    |
| Midwest Success Training   | <u>18,970</u>             |
|                            | <u>\$267,149</u>          |

From the inception of the program in Wisconsin early in 1968 through May 31, 1972, a total of about \$2,418,000 had been expended under 54 contracts. Some 2,700 persons had been hired and had worked about 218,500 days. A total of about 750 persons had been designated as having completed the training program.

DEPARTMENT OF LABOR  
 MANPOWER ADMINISTRATION  
 MANPOWER TRAINING SERVICES  
 FISCAL YEAR 1972 LEVELS REFLECTING REPROGRAMING PROPOSALS

| <u>Activity</u>            | <u>1972<br/>appropriation</u> | Net<br>reprograming<br>(over or<br>under (-)) | <u>1972<br/>revised</u> |
|----------------------------|-------------------------------|---|-------------------------|
| Private Sector OJT         | \$ 260,500,000                | \$-66,300,000                                 | \$ 194,200,000          |
| Public Sector OJT          | 92,400,000                    | -30,200,000                                   | 62,200,000              |
| Institutional Training:    |                               |   |                         |
| Regular                    | 324,852,000                   | 47,600,000                                    | 372,452,000             |
| Job Corps                  | 197,197,000                   | 2,900,000 <sup>a</sup>                        | 200,097,000             |
| In-school work support     | 235,500,000                   | 15,400,000                                    | 250,900,000             |
| Post-school work support:  |                               |   |                         |
| Out-of-school              | 125,520,000                   | -   | 125,520,000             |
| Operation Mainstream       | 38,800,000                    | 45,100,000                                    | 83,900,000              |
| Special targeting (CEP)    | 166,800,000                   | -12,200,000                                   | 154,600,000             |
| Computerized job placement | 22,274,000                    | -   | 22,274,000              |
| Program support            | <u>61,673,000</u>             | - 2,300,000 <sup>b</sup>                      | <u>59,373,000</u>       |
| Total                      | <u>\$1,525,516,000</u>        |   | <u>\$1,525,516,000</u>  |

<sup>a</sup>Includes transferred funds of \$2,700,000, which had been earmarked for program support for Job Corps, and an actual increase of \$200,000.

<sup>b</sup>Includes the \$2,700,000 which was transferred to Job Corps (see note a) offset by an increase of \$400,000 for program support.

Source: The Department of Labor.



DEPARTMENT OF LABOR  
MANPOWER ADMINISTRATION  
MANPOWER TRAINING SERVICES  
FISCAL YEAR 1972 LEVELS REFLECTING  
REPROGRAMING ALLOCATIONS BY PROGRAM

| Program   | Reprogramed amounts<br>(note a)  | Region                |               |                  |            |                  |            |                  |            |              |                | D.C.            | National<br>office<br>account | National<br>office<br>adminis-<br>trative<br>costs |       |
|---|----------------------------------|-----------------------|---------------|------------------|------------|------------------|------------|------------------|------------|--------------|----------------|-----------------|-------------------------------|--|-------|
|   |                                  | I                     | II            | III              | IV         | V                | VI         | VII              | VIII       | IX           | X              |                 |                               |  |       |
| (in thousands)                                  |                                  |                       |               |                  |            |                  |            |                  |            |              |                |                 |                               |  |       |
| PRIVATE SECTOR OJT                              | -\$66,300.0                      |                       |               |                  |            |                  |            |                  |            |              |                |                 |                               |  |       |
| JOBS  | -\$74,400.0                      | -\$6,649.0            | -\$4,296.0    | -\$9,234.7       | -\$6,286.0 | -\$29,808.0      | -\$6,503.0 | -\$6,864.0       | -\$858.0   | -\$11,261.0  | -\$5,514.0     | -\$132.2        |                               |  |       |
| JOBS Optional                                   | 8,100.0                          | 299.0                 | 125.0         | 699.0            | 100.0      | 250.0            | 1,071.0    | 340.0            | 100.0      | 4,899.0      | 247.0          | -               |                               |  |       |
| PUBLIC SECTOR OJT                               | -30,200.0 <sup>b</sup>           |                       |               |                  |            |                  |            |                  |            |              |                |                 |                               |  |       |
| INSTITUTIONAL TRAINING<br>(MDTA)                | 47,800.0                         |                       |               |                  |            |                  |            |                  |            |              |                |                 |                               |  |       |
| MDTA regular                                    | 26,600.0 <sup>b</sup>            |                       |               |                  |            |                  |            |                  |            |              |                |                 |                               | \$26,600.0   |       |
| HEW support                                     | 1,000.0 <sup>c</sup>             | -                     | -             | -                | -          | -                | -          | -                | -          | -            | -              | -               | -                             | -  |       |
| Jobs Corps                                      | 200.0                            | -                     | -             | -                | -          | -                | 200.0      | -                | -          | -            | -              | -               | -                             | -  |       |
| Employment Service<br>support-veterans          | 20,000.0                         |                       |               |                  |            |                  |            |                  |            |              |                |                 |                               |  |       |
| Mandatory Job<br>Listing                        | \$17,425.0                       | 657.7                 | 1,367.0       | 598.5            | 750.0      | 2,272.0          | 932.7      | 548.0            | 461.0      | 850.0        | 401.0          | 48.0            | 8,539.1                       |  |       |
| Administrative<br>MDTA costs                    | 2,574.0                          | 752.2                 | 1,192.5       | -                | -          | -                | 321.8      | 307.5            | -          | -            | -              | -               | -                             |  |       |
| IN-SCHOOL WORK SUPPORT                          | 15,373.0                         |                       |               |                  |            |                  |            |                  |            |              |                |                 |                               |  |       |
| Neighborhood Youth<br>Corps In-school<br>Summer | 5,373.0<br>10,000.0 <sup>d</sup> | -<br>1,086.0          | 10.0<br>631.0 | 340.0<br>2,562.0 | -<br>563.0 | 3,555.0<br>908.0 | -<br>-71.0 | 1,150.0<br>523.0 | -<br>268.0 | -<br>1,357.0 | 200.0<br>943.0 | 118.0<br>-678.0 |                               |  | \$500 |
| OPERATION MAINSTREAM                            | 45,100.0                         |                       |               |                  |            |                  |            |                  |            |              |                |                 |                               |  |       |
| Title IE (EOA)                                  | 20,800.0                         | 732.0                 | 1,037.0       | 2,054.0          | 5,430.0    | 4,429.0          | 2,644.0    | 1,851.0          | 915.0      | 813.0        | 895.0          | -               |                               |  |       |
| Title IB (EOA)                                  | 11,300.0                         | 89.0                  | 270.0         | 337.0            | 8,186.0    | 879.0            | 556.0      | 491.0            | 231.0      | 261.0        | -              | -               |                               |  |       |
| Title IB (EOA)<br>older worker                  | 13,000.0                         | 453.3                 | 1,368.7       | 1,162.4          | 3,264.0    | 2,106.9          | 1,354.9    | 763.9            | 386.9      | 1,526.2      | 477.4          | 64.3            |                               |  |       |
| SPECIAL TARGETING (CEP)                         | -12,245.0                        | -870.0                | -3,320.0      | -840.0           | -2,230.0   | -3,200.0         | -900.0     | -285.0           | -          | -140.0       | -170.0         | -290.0          |                               |  |       |
| PROGRAM SUPPORT<br>CAMPS                        | 400.0<br>400.0 <sup>b</sup>      |                       |               |                  |            |                  |            |                  |            |              |                |                 |                               |  |       |
| <b>Total</b>                                    | <b>\$ -72.0<sup>e</sup></b>      | <b>Total (note f)</b> |               |                  |            |                  |            |                  |            |              |                |                 |                               |  |       |

<sup>a</sup>Program totals may not add due to rounding.

<sup>b</sup>We were unable to identify the distribution of any of these reprogramed funds because the Department's budget and accounting records did not show a distribution or because re-programed funds had been commingled with previously authorized funds.

<sup>c</sup>These funds were transferred to HEW for MDTA program administration and did not go to Department of Labor regional offices.

<sup>d</sup>The amounts shown by regions are \$1,404,000 less than the \$10 million reprogramed to the Neighborhood Youth Corps summer program, reflecting a planned cut which was related to the 1972 EOA appropriation for the summer program.

<sup>e</sup>Does not total zero because of Department of Labor rounding.

<sup>f</sup>Totals by region have not been provided, because not all reprogramed funds were available on a regional basis and the regional totals would be distorted.

Source: Department of Labor budget and accounting records.

BEST DOCUMENT AVAILABLE

## DEPARTMENT OF LABOR REGIONAL OFFICES

Region I

Connecticut  
 Maine  
 Massachusetts  
 New Hampshire  
 Rhode Island  
 Vermont

Region II

New Jersey  
 New York  
 Puerto Rico

Region III

Delaware  
 Maryland  
 Pennsylvania  
 Virginia  
 West Virginia

Region IV

Alabama  
 Florida  
 Georgia  
 Kentucky  
 Mississippi  
 North Carolina  
 South Carolina  
 Tennessee

Region V

Illinois  
 Indiana  
 Michigan  
 Minnesota  
 Ohio  
 Wisconsin

Region VI

Arkansas  
 Louisiana  
 New Mexico  
 Oklahoma  
 Texas

Region VII

Iowa  
 Kansas  
 Missouri  
 Nebraska

Region VIII

Colorado  
 Montana  
 North Dakota  
 South Dakota  
 Utah  
 Wyoming

Region IX

Arizona  
 California  
 Hawaii  
 Nevada

Region X

Alaska  
 Idaho  
 Oregon  
 Washington

District of  
 Columbia