

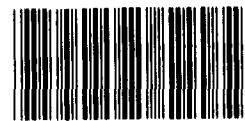
GAO

Report to the Chairman, Committee on
Government Operations, House of
Representatives

September 1990

EDA

Treatment of Blacks at
the Economic
Development
Administration in the
1980s



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Human Resources Division

B-240432

September 26, 1990

The Honorable John Conyers, Jr.
Chairman, Committee on Government Operations
House of Representatives

Dear Mr. Chairman:

On July 10, 1989, you asked us to examine allegations concerning the treatment of blacks at the Economic Development Administration (EDA) in the Department of Commerce. These allegations, raised by a former EDA employee, involved (1) personnel and equal employment opportunity (EEO) matters affecting black EDA employees and (2) programmatic decisions dealing with the award of grant funds and how these activities affected black applicants. The alleged incidents and decisions occurred between 1981 and 1984, but you questioned whether similar situations have existed at EDA since then.

In subsequent discussions with Committee staff, we agreed to

- review the allegations for 1981 through 1984 to the extent that documentation was available.
- examine the employment rates of blacks in EDA's work force to determine if they are represented according to Equal Employment Opportunity Commission (EEOC) criteria (that is, in proportions equal to or greater than blacks in the civilian labor force [CLF]¹);
- review EDA's affirmative employment plans and accomplishment reports for fiscal years 1985 through 1989 to determine whether planned actions were initiated and if they were completed;
- obtain the number, bases, and resolution of formal discrimination complaints filed by black employees in EDA during fiscal years 1985 to 1989;
- review the formal discrimination complaint files of two individuals named in your request, to determine if federal policies and procedures were followed;
- determine if black organizations and communities headed by black mayors or other black officials received a proportionate share of EDA grants during fiscal years 1985 through 1989;
- determine if and the extent to which EDA grants benefitted minority communities; and

¹CLF data include persons 16 years of age and older, excluding those in the Armed Forces, who are employed or seeking employment. These data are developed through the nation's census conducted every 10 years. The data used for our review were collected in 1980.

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- determine whether EDA grants created jobs, saved jobs, or both, especially for minorities.

Our review involved obtaining documentation and interviewing officials and staff throughout EDA's Washington, D.C., headquarters. Because most grant application and review activities take place in EDA's regional offices, we also visited EDA's Atlanta regional office to obtain data relating to the last three objectives discussed above. We performed our work between September 1989 and April 1990 in accordance with generally accepted government auditing standards.

Results in Brief

The allegations concerning the incidents and decisions that occurred between fiscal years 1981 and 1984 could not be reviewed because related documentation was unavailable. EDA generally does not retain records and files for more than 3 years. (See p. 9.)

During fiscal years 1986 through 1989, blacks were relatively well represented in all federal job categories and grade levels at EDA when compared with the national CLF, even though EDA's funding and staffing levels had decreased significantly. (See p. 12.)

EDA generally prepared annual affirmative employment plans and accomplishment reports as required by EEOC guidelines, although it did not always initiate or complete actions stated in its affirmative employment plans. Because blacks were well represented, EDA's affirmative employment plans for 1985 through 1989 generally did not address blacks. (See p. 16.)

During fiscal years 1985 through 1989, seven formal discrimination complaints were filed by five EDA staff. Three were filed on the basis of race—all by blacks. One case was later withdrawn, one is still active, and the third found no discrimination. EDA's processing of two formal discrimination complaints filed by blacks in fiscal year 1984, mentioned in the request letter, did not meet the timeframes for actions prescribed by EEOC requirements. EDA generally followed federal policies and Department of Commerce procedures, however, and these two files were complete. The allegations raised in these two cases were not sustained. (See pp. 10-12.)

We could not determine the ratio of EDA grants received by black organizations and communities headed by black officials in fiscal years 1985 through 1989. Federal statutes and laws do not require EDA to collect

minority data on applicants and grantees and EDA has not done so. (See pp. 18-19.)

Data on the extent that minorities benefit from EDA grants were not available. Although EDA collected data relating to whether minorities would benefit from the projects funded through EDA grants, we could not use the data because they were inaccurate and unreliable. (See pp. 19-20.)

Data on the number of jobs created for minorities were also unreliable. EDA officials consider job creation and conservation in deciding which applicants to fund. Grantees receiving EDA public works grants must estimate the number of jobs the project will create or save—by minority and sex—and grantees must report on the actual number of such jobs. However, EDA does not follow up with grantees that do not report this information. Nor does EDA validate or use the data it does obtain. (See p. 21.)

In keeping with the policy of your office, we did not obtain written agency comments. But we discussed the contents of this document with Department of Commerce and EDA officials, who generally agreed with our observations. We incorporated their comments where appropriate.

Copies of this report are being sent to interested congressional committees and subcommittees; the Assistant Secretary for Economic Development, Department of Commerce; the Director, Office of Management and Budget; and other interested parties. If you have any questions about the report, please contact me on (202) 275-1655. Other major contributors to this report are listed in appendix II.

Sincerely yours,



Linda G. Morra
Director, Intergovernmental
and Management Issues

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Abbreviations

CLF	civilian labor force
EDA	Economic Development Administration
EEO	equal employment opportunity
EEOC	Equal Employment Opportunity Commission
FY	fiscal year
NCBM	National Conference of Black Mayors
OPM	Office of Personnel Management
SES	Senior Executive Service
SMSA	standard metropolitan statistical area

Economic Development Administration: Treatment of Blacks in the 1980s

On July 10, 1989, the Chairman of the House Committee on Government Operations asked us to examine a series of allegations concerning the treatment of blacks at the Economic Development Administration (EDA) in the Department of Commerce. These allegations, raised by a former EDA employee, involved (1) personnel and equal employment opportunity (EEO) matters affecting black EDA employees and (2) programmatic decisions dealing with the award of grant funds and how these activities affected black applicants. The alleged incidents and decisions referred to in the Chairman's letter occurred between 1981 and 1984, but the Chairman was concerned about whether similar situations have existed at EDA since then.

Objectives, Scope, and Methodology

In discussions with Committee staff, we agreed to

- review the allegations for 1981 through 1984 to the extent that documentation was available.
- examine the employment rates of blacks in EDA's work force to determine if they are represented according to Equal Employment Opportunity Commission (EEOC) criteria (that is, in proportions equal to or greater than blacks in the civilian labor force [CLF]¹);
- review EDA's affirmative employment plans and accomplishment reports for fiscal years 1985 through 1989 to determine whether planned actions were initiated and if they were completed;
- obtain the number, bases, and resolution of formal discrimination complaints filed by black employees in EDA during fiscal years 1985 to 1989;
- review the formal discrimination complaint files of two individuals named in the Chairman's request, to determine if federal policies and procedures were followed;
- determine if black organizations and communities headed by black mayors or other black officials received a proportionate share of EDA grants during fiscal years 1985 through 1989;
- determine if and the extent to which EDA grants benefitted minority communities; and
- determine whether EDA grants created jobs, saved jobs, or both, especially for minorities.

We obtained documentation and interviewed officials and staff throughout EDA's Washington, D.C., headquarters. Because most grant

¹CLF data include persons 16 years of age and older, excluding those in the Armed Forces, who are employed or seeking employment. These data are developed through the nation's census conducted every 10 years. The data used in our review were collected in 1980.

application and review activities take place in EDA's regional offices, we also visited EDA's Atlanta regional office to obtain data relating to the last three objectives discussed above.

Our review objective was not to determine whether EDA discriminated against blacks, but whether blacks were employed at rates in line with appropriate CLF data. To confirm that EDA's administrative process was consistent with federal policies and procedures, we agreed to review the formal discrimination complaint files. However, we neither reinvestigated these cases nor questioned the resolution of the complaints. For two formal complaint cases the Chairman asked us to review, we noted that EEOC and the U.S. District Court for the Eastern District of Pennsylvania decided against the complainants. We did not investigate the two cases further. We performed our work between September 1989 and April 1990 in accordance with generally accepted government auditing standards.

Background

EDA was established in 1965 to generate new jobs, help protect existing jobs, and stimulate commercial and industrial growth in economically distressed areas. It provides economic assistance to rural and urban areas experiencing high unemployment, low average income levels, or sudden and severe economic distress.

Economic Growth Fostered by Grants and Loans

To achieve its mission, EDA provides loan guarantees and awards grants for public works projects, technical assistance, planning activities, research studies, and facilities that contribute to creating or saving jobs.

- Loan guarantees to industrial and commercial firms provide funds to maintain and expand existing operations or construct new factories or plants.
- Public works grants are awarded to local government units, private non-profit organizations, and American Indian tribes to help build or expand public facilities necessary to facilitate industrial and commercial growth. EDA generally funds up to 50 percent of the cost of projects, such as developing industrial parks, installing water lines, and improving roads.
- Technical assistance grants are used by communities or firms to help solve problems that stifle economic growth. These grants often go to fund economic feasibility studies or procure expert assistance to help businesses solve problems.

- Planning grants to cities, states, local government units, and American Indian tribes are used to plan, implement, and coordinate economic development activities.
- Research grants support studies to increase knowledge about causes of economic distress and approaches to alleviate such problems.
- Grants to private nonprofit organizations and government jurisdictions assist communities in developing facilities to stabilize and diversify local economies and improve living conditions in an area, such as installing a sewer system.
- Special economic adjustment assistance grants are awarded to states and communities to solve problems caused by serious job losses and to reverse long-term economic deterioration.

Application procedures for funds available from EDA are announced annually in the Federal Register. For each, the announcement includes information on available funding, project requirements, eligibility factors, and application directions. Applicants are invited to compete for available funds according to the standards and conditions set forth in the Federal Register. EDA regional office staff provide technical assistance to applicants, review formal applications, and recommend the projects that should be approved and funded to the Assistant Secretary for Economic Development.

Budget and Staffing Declined in 1980s

Since fiscal year 1981, in each annual budget the administration has proposed that EDA be terminated and its programs be transferred to another agency in the Department of Commerce. The Congress, however, has authorized and appropriated funds each year to continue EDA's programs and activities. In the early 1980s, EDA experienced sharp funding and staffing decreases. As shown in table I.1, these decreases continued throughout the 1980s.

Table I.1: Biennial EDA Funding and Staffing History (Fiscal Years 1979-89)

Dollars in millions		
Fiscal year	Budget	Total permanent staff
1979	\$549.0	1,155
1981	\$476.5	560
1983	\$295.3	437
1985	\$259.1	434
1987	\$214.9	349
1989	\$206.8	328

**Annual Reports Required
on EEO Plans,
Accomplishments**

Each year, as required by EEOC, EDA develops and submits to the Department of Commerce an annual affirmative employment plan and accomplishment report.² The plan is incorporated into the consolidated plan the Department of Commerce submits to EEOC. EDA's plan covers both headquarters and the regional offices. It usually includes statistical data on its work force according to federal job categories (that is, professional, administrative, technical, clerical, and other positions) and grade bands 1 to 15. It also compares the agency's work force with the appropriate CLF to indicate whether minority groups are proportionately represented. Finally, the plan evaluates agency policies, practices, and procedures to show whether problems or barriers to EEO exist. If they do, the plan describes the specific actions the agency will take to eliminate them.

At year's end, EDA submits to EEOC, through the Department of Commerce's Office of Civil Rights, an annual accomplishment report, which describes progress made in achieving objectives and completing the action items included in the affirmative employment plan. It addresses whether items listed as problems or barriers have been corrected or removed.

**Data Unavailable to
Review Allegations
Regarding EDA
Personnel and EEO
Decisions**

We could not review the allegations concerning incidents and decisions on personnel issues at EDA from 1981 to 1984. EDA does not generally retain records and files for more than 3 years, and most documentation relating to the allegations had been destroyed.

Most of the incidents and decisions cited in the materials accompanying the Chairman's request letter were anecdotal and without supporting documentation. Also, many of the blacks affected by these alleged incidents and decisions were no longer employed by EDA. At the time of our review, of 10 individuals cited in the request letter materials, 3 were employed by EDA, 2 in regional offices and 1 at Washington, D.C., headquarters. Of the other individuals mentioned in the allegations, one had retired and one had transferred out of EDA to another agency in the Department of Commerce. Two left EDA before the allegations were made. One person was never appointed to a position in EDA, and EDA had no records that the other two had ever been EDA employees.

²EDA was not required by the Department of Commerce to prepare an affirmative employment plan in fiscal year 1986 because of an anticipated reduction-in-force.

Two of the 10 employees identified had filed formal discrimination complaints. These files were available for review. In these two cases the allegations were not sustained. One was decided by EEOC. The other case was decided by the U.S. District Court for the Eastern District of Pennsylvania. The district court case involved an employee who had been transferred to EDA headquarters from a regional office in 1981, but allegedly was not given the opportunity to return in 1984 when others in the same occupational position were transferred. This case is discussed on page 11.

Formal Complaint Process Followed in Cases Cited

From our review of the records, it appears that EDA acted properly in processing the two formal discrimination complaints by black employees whose cases were cited in the request to us; although we could not determine why resolution of the cases took so long. The case decided by EEOC took 4 years and the case decided by the court took 4-1/2 years.

EEOC has established policies on discrimination complaints for federal agencies and employees to follow. The policies extend from when an employee first contacts an EEO counselor, through the final agency decision, the appeal to EEOC, or the filing of a suit in federal court. If the complaint is not resolved informally, the employee may file a formal discrimination complaint through the agency's administrative process. Under this process, employees who file a formal complaint with the agency and are not satisfied with the agency decision may appeal their cases to EEOC or file suit in the U.S. district court. They may also go to court if the agency does not issue a decision within 180 days after they have filed a formal complaint.

The official files were available at EDA for the two formal discrimination complaints filed by the black employees identified in the request. One case was resolved by EEOC, the other by a federal district court in Pennsylvania. Neither resolution favored the complainant. From the documentation in these two files it appeared that EDA had included the required documents, followed applicable federal regulations and Department of Commerce procedures, and acted properly in processing the cases. EEOC-required timeframes were not met, however.

The two formal complaints did not move through the complaint process in a timely manner. One case took 4-1/2 years from the date the formal complaint was filed until the final court decision. The case decided by EEOC took about 4 years. In both cases, EDA did not reach a determination within the 180 days required by EEOC. Neither complainant, however,

chose to file a suit in court at that point, although allowed to do so under EEOC procedures.

No Discrimination in Transfers of EDA Staff Found

The Chairman's request referred to the case of an individual who filed a formal discrimination complaint in 1984 because he was not transferred from EDA's Washington, D.C., headquarters office to the Philadelphia region. In deciding this complaint, the court found no evidence to show wrongdoing on EDA's part.

The matter began in 1981, when the administration reduced EDA's annual funding and proposed terminating EDA and transferring its programs to another Commerce agency. In reorganizing its operations, EDA shifted EEO compliance review functions related to its grant and loan guarantee programs and transferred four equal opportunity specialists from regional offices to headquarters.³ In 1984, these functions and staff positions were transferred back to the regional offices.

Of the four equal opportunity specialists who were required to transfer in 1981, only one moved with his family to the Washington, D.C., area. The other three specialists did not move their families.⁴ Although they were officially assigned to headquarters, they were often detailed to work in the regional offices from which they were transferred. In 1983, the Assistant Secretary for Economic Development decided to shift the functions and transfer the staff back to the regional offices. The three specialists who had frequently requested to leave Washington and return to the regions were transferred. The fourth, who had moved his family, did not ask to be transferred back and was not. Later, the regional office position was filled by someone else through a competitive vacancy announcement. The staff member who had moved to Washington, later said that he would have returned to the region had he been officially asked, and filed a formal discrimination complaint because he was not reassigned to the regional office. The complaint was ultimately decided in the U.S. District Court for the Eastern District of Pennsylvania in Philadelphia. The court found that EDA had not discriminated against the complainant.

³EDA's compliance review division, in addition to establishing and monitoring EEO standards for grant recipients, also is responsible for other activities. These include developing uniform standards and procedures for reviewing EDA projects, conducting on-site inspections, and coordinating EDA's environmental activities.

⁴One specialist resigned from EDA rather than accept the transfer. When EDA offered this person a position in EDA headquarters 10 months later, she accepted.

In addition to reviewing available documentation, including data in the official discrimination complaint file, we spoke with EDA officials involved in these transfer decisions and interviewed the complainant. EDA exercised its prerogatives in transferring these functions and staff positions and did not act improperly. An agency has considerable latitude to organize work functions to best meet its needs. Office of Personnel Management (OPM) regulations permit an agency to transfer an identifiable segment of its organization to perform its mission, regardless of whether the change is authorized by statute or reorganization plan. Employees are entitled to the opportunity to transfer with the work if not transferring would result in demotion or separation. Furthermore, OPM regulations authorize an agency to assign its work force to meet its needs, including relocating employees to different jobs and duty stations.

Formal Discrimination Complaints Few in EDA, 1985 to 1989

Few EDA employees filed formal discrimination complaints during fiscal years 1985 to 1989. In 1985, four individuals filed six complaints. Two were based on race (black), two on sex (female), and two on reprisal.⁵ One of the complaints based on race was withdrawn. The other complaint based on race was appealed to EEOC after an agency decision found no discrimination. EEOC also declared no discrimination had occurred. The case was not further appealed.

No formal complaints were filed by EDA staff during fiscal years 1986 to 1988. One formal discrimination complaint, based on race (black) and sex (male), was filed in 1989. This case is active and being considered in EDA's administrative process.

Blacks Well Represented in EDA's Work Force

Generally, the ratio of blacks employed in EDA during fiscal years 1986 to 1989 was at least equal to the ratio of blacks in the national CLF. EDA employs fewer than 500 staff nationwide. In accordance with EEOC guidelines, it uses the national CLF as a basis for comparison and prepares one national affirmative employment plan annually.⁶

⁵Federal regulations issued by EEOC prohibit reprisal, or retaliation, against individuals who have filed discrimination complaints.

⁶EEOC requires agencies or components within agencies with more than 500 staff to develop separate affirmative employment plans. They must compare their minority work-force profiles with the appropriate CLF data for the nation, region, state, or metropolitan area. A minority group is considered to be fully represented when the ratio in an agency's work force is equal to or higher than the ratio in the CLF.

**Appendix I
Economic Development Administration:
Treatment of Blacks in the 1980s**

As of fiscal year 1986, in all federal job categories blacks were fully represented in EDA, except for black males in clerical jobs (see table I.2). In that job category, had two additional black males been employed, EDA would have reached parity with the CLF rates. Recruiting black males as clerical workers in the federal sector, however, is a difficult task. Also, in fiscal year 1989 when 69 fewer staff were employed by EDA than in 1986, blacks in all job categories were fully represented when compared with national CLF rates, as the table shows.

Appendix I
Economic Development Administration:
Treatment of Blacks in the 1980s

Table I.2: Comparison of Black Employees in EDA With Blacks in National CLF, According to Federal Job Category (Fiscal Years 1986 and 1989)

Federal job category	No. of Employees	Fiscal year 1986 Blacks	
		Male	Female
Professional	75	8	3
Administrative	218	15	16
Technical	30	4	13
Clerical	74	1	42
Other ^b	0	0	0
Total	397	28	74

Table I.3: Comparison of Black Employees in EDA by Grade Band (Fiscal Years 1986 and 1989)

Grade band	No. of Employees	Fiscal year 1986 Blacks	
		Male	Female
1-4	16	1	11
5-8	86	4	43
9-12	130	10	16
13-15	156	13	4
SES ^a	9	0	0
Total	397	28	74

**Appendix I
Economic Development Administration:
Treatment of Blacks in the 1980s**

Percent black		No. of employees	Blacks		Percent black		CLF rates ^a	
Male	Female		Male	Female	Male	Female	Male	Female
10.66	4.00	77	6	4	7.79	5.19	2.33	2.79
6.88	7.33	175	9	11	5.14	6.28	3.64	3.13
13.33	43.33	20	1	12	5.00	60.00	3.54	6.34
1.35	56.75	56	2	33	3.57	58.92	2.77	9.29
0	0	0	0	0	0	0	8.34	1.61
7.05	18.64	328	18	60	5.49	18.29	4.94	4.84

^aThe CLF rates are based on fiscal year 1980 census data and were the same in fiscal years 1986 and 1989.

^bEDA had no employees in this category during these fiscal years.

As shown in table I.2, the ratio of black males in all job categories decreased from 7.05 to 5.49 percent of EDA's total work force between fiscal years 1986 and 1989. The ratio for black females decreased slightly, from 18.64 to 18.29 percent. The fiscal year 1989 rates, however, still were higher than the total CLF rate of 4.94 percent for black males and 4.84 percent for black females.

Fiscal year 1986			Fiscal year 1989						Percent change 1986-89
Percent black		Total percent	No. of Employees	Blacks		Percent black		Total percent	
Male	Female			Male	Female	Male	Female		
6.25	68.75	75.00	9	0	6	0	66.67	66.67	-8.33
4.65	50.00	54.65	66	3	38	4.55	57.58	62.13	+7.48
7.69	12.31	20.00	93	5	10	5.38	10.75	16.13	-3.87
8.33	2.56	10.89	155	10	6	6.45	3.87	10.32	-0.57
0	0	0	5	0	0	0	0	0	0
7.05	18.64	25.69	328	18	60	5.49	18.29	23.78	-1.91

^aSenior Executive Service.

Table I.3 shows the distribution of black employees by grade bands for fiscal years 1986 and 1989. The total number of EDA employees decreased by 69, or over 17 percent, during the period. The proportion of blacks in EDA's work force, however, remained almost constant in that in 1986 blacks comprised 25.69 percent of the work force and in 1989, 23.78 percent. In addition, the proportion of blacks in each grade band changed only slightly.

In all grade bands, the ratios of black males decreased slightly, as table I.3 shows. The ratio of black females decreased slightly in grade bands 1-4 and 9-12, while increasing in the other two grade bands.

EDA's Affirmative Employment Plans and Accomplishment Reports

During fiscal years 1985 through 1989, EDA annually prepared and submitted to EEOC an affirmative employment plan except for 1986 when the agency was anticipating a major reduction-in-staff. EDA prepared an accomplishment report for all 5 fiscal years. Each year, the plans focused on overcoming the effects of actions in the early 1980s when staff were downgraded and transferred; these effects included low staff morale and an absence of vacancies for promotion opportunities. According to EDA officials, the effects from the September 1981 reduction-in-force still limit the grade structure and advancement opportunities in EDA.

Blacks as a group generally were well represented in EDA's work force during fiscal years 1986 through 1989 relative to the CLF, as tables I.2 and I.3 show. As a result, they were not prominently mentioned in EDA's affirmative employment plans for these years. Where blacks were mentioned, EDA recognized the need to improve employment rates. Black males in clerical positions were underrepresented in fiscal years 1985 and 1986. EDA's analysis of 1987 data showed a need to improve the employment rate for black females in all grade band 13-15 positions. In both cases, the rates improved in subsequent years, so that in EDA's fiscal year 1989 affirmative employment plan blacks are not mentioned as underrepresented, when compared with national CLF data, in any grade band.

Some Planned Actions Not Completed

For fiscal years 1985 through 1989, EDA did not initiate or complete all the actions its affirmative employment plans stated would be taken to maintain or improve the employment rates of minorities. This lack of action affected all minorities, including blacks and women, because minority groups often were referred to collectively in the plans and accomplishment reports.

EDA cited several reasons for not initiating or completing the actions, among them a vacancy in the position of Deputy Assistant Secretary for Economic Development. The person filling this position is designated as EDA's EEO officer and provides leadership over and monitoring of EEO actions. EDA also cited the continued decrease in staffing levels and the few available employment and promotion opportunities as reasons for

not initiating other actions. The Deputy Assistant Secretary position was filled in May 1990. EDA has no assurance, however, that its staffing authorization will not continue to decrease and, if so, that its hiring and promotion opportunities will also decrease.

EDA plans to review its corrective action plans and take or complete actions where warranted. EDA also plans to continue to (1) encourage minorities and women to compete for higher graded positions and (2) involve minorities and women in developmental training opportunities where they exist.

Upward Mobility and Career Opportunities Available Informally

Upward mobility programs and individual development plans are methods to improve employees' career advancement opportunities. We reviewed these opportunities because of the minimal hiring and promotion opportunities in EDA during the 1980s.

EDA has no formal upward mobility program and does not systematically use individual development plans. Its affirmative employment plan for fiscal year 1987 included a discussion of plans to establish such a program. The absence of vacancies at the higher grade levels, however, kept the agency from implementing such a program, EDA officials told us. The unavailability of these vacancies made detailed career advancement planning—a basic element of an upward mobility program—almost impossible. Further, the officials indicated that not being able to replace employees who went into the upward mobility program proved to be an impediment to having such a program.

In lieu of a formal agencywide program, EDA has permitted, in recent years, informal arrangements to help EDA staff change job series or otherwise improve their promotion opportunities. Arrangements were made between supervisors and staff members on an individual basis. For example, in one office one white and five black female clerical workers took advantage of opportunities to acquire more education and eventually two assumed professional positions.

Also, EDA set up a multisection workshop in 1988 for employees in grades 1-7 who wanted to become more competitive for higher level positions within the agency. The program emphasized what employees should do to pursue their career goals.

Allegations About EEO Decisions Affecting EDA's Grant Programs

We were asked to determine if organizations and communities headed by black officials received a proportionate share of EDA grant program funds during fiscal years 1985 through 1989. We also agreed to try to obtain data on the extent to which EDA's grants (1) benefitted minorities in the community and (2) created or saved jobs in the community in general and for blacks in particular.

We could not address the allegations that blacks were treated unfairly; that is, that they did not receive a proportionate share of grants. To be approved and funded, grant applicants must assure EDA that they will comply with all federal statutes and regulations relating to civil rights and EEO.⁷ However, EDA was not required to and did not gather the data that would allow us to determine the extent to which organizations and communities with black leaders applied for and received grant awards. EDA did compile data on whether minorities in communities would benefit from an EDA grant project. But, because the system did not contain accurate and reliable information, we did not use it.

Information on current and projected employee levels, by race and sex, is required from organizations that receive or benefit from EDA grants and create or save 15 or more jobs on public works projects. They also must highlight the number of jobs to be created or saved as a result of receiving the grant. Applicants must estimate this information in their grant proposals, and then report on the actual number of jobs created and saved. But grantees are not penalized for not reporting the information, EDA officials told us, and EDA neither verifies nor uses the information that is reported.

No Data on Treatment of Grant Applications by Black Organizations and Communities Collected

EDA does not collect data that would reveal whether black organizations, cities, and other localities headed by black mayors or similar officials had received a proportionate share of grants from EDA. No federal law or regulation requires that such data be collected. The allegations cited in the request letter specifically named one black organization, the National Conference of Black Mayors (NCBM), but identified no specific city or other locality headed by blacks.

NCBM received technical assistance grants from EDA from the mid-1970s through 1985, NCBM's Executive Director told us. When NCBM applied for

⁷These include: title VI of the Civil Rights Act of 1964; title VIII of the Civil Rights Act of 1968, as amended; title IX of the Education Amendments of 1972, as amended; the Rehabilitation Act of 1973, as amended; and the Age Discrimination Act of 1975, as amended.

a grant in 1986, its application was rejected. NCBM officials said that at first they believed the rejection was because the organization is comprised of minorities, but later they realized there were other reasons. The officials explained that EDA funding had been significantly reduced during the 1980s, and EDA had shifted its funding emphasis from urban to rural areas. Also, EDA had started to approve more grants for public entities that could provide matching funds, and fewer for private, non-profit organizations that generally could not. As a result, NCBM sought grant funds from other sources.

Since no other organizations were cited in the Chairman's request, we contacted 13 other private, nonprofit organizations in the Washington, D.C., area to determine whether they had experienced problems with EDA.⁸ As of January 1990, two had active EDA grants and six had been EDA grantees, but were no longer. Two organizations had never received an EDA grant. Three of these 13 organizations, in addition to NCBM, have memberships comprised mostly of minorities.

One organization stated it had experienced problems with EDA, saying that EDA reviewers did not strictly follow grant standards and conditions published in the Federal Register in 1982 or 1983. A representative of another organization said the published standards were quite broad and EDA grant funds were limited. Thus, he asserted, EDA reviewers had narrowed the standards to screen out some applications and facilitate the selection of grant recipients. Neither representative believed EDA's actions involved EEO issues.

We sought data on cities and other communities headed by blacks who had applied for EDA grant awards. But no such data were available, EDA officials told us. Federal statutes and regulations do not require that such application data be collected. Also, we were told that in most cases EDA returns rejected applications to the applicants, rather than retaining them. We could not learn, therefore, to what extent EDA rejected applications from black organizations and communities headed by blacks.

Currently, no EDA grant program funds are earmarked or otherwise set aside for minority groups. EDA's grant standards and conditions in no

⁸In addition to NCBM, we contacted: the U.S. Conference of Mayors; the National Center for Municipal Development, Inc.; the National League of Cities; the National Community Development Association; The National Urban Coalition; the National Council for Urban Economic Development; the National Urban League, Inc.; the National Association of State Development Agencies; the Northeast Midwest Institute; the International Downtown Association; the National Association of Development Organizations; the National Association of Minority Enterprises; and the National Association of Minority Contractors.

way distinguish minority organizations or communities with large minority populations applying for grants from other grant applicants competing for available funds.

Coding System for Minorities in Communities Not Useful

Data on whether minorities will benefit from EDA grant projects is collected by regional EDA staff, using a system developed in the 1970s. But the system has not been revised since then, its use is no longer mandated, and the data it generates are unused. Because EDA's use of the coding system is based on general criteria and individual judgment, it is unsystematic. EDA officials acknowledged the information generated is neither accurate nor reliable, therefore, we did not use it.

The computer information system, part of which includes minority coding information, was originally developed in response to congressional requests for data on EDA's grant awards made to minority businesses, EDA officials said. Regional office staff enter data into the system when an application is received. The system tracks projects that benefit Negroes, Hispanics, Orientals, and American Indians.⁹ Under EDA procedures, a grant project that will benefit a community with at least 30 percent of its population made up of one or more of these four minority groups is coded as benefitting minorities.

EDA's application of its criteria in using this minority coding system is unsystematic. U.S. census data on minority groups are compiled by state, county, and standard metropolitan statistical area (SMSA). EDA grant projects benefit communities and localities that are much smaller than a county or SMSA; official minority population data for these smaller communities are not usually available. EDA regional officials acknowledge that the coding is based primarily on staff knowledge of and experience with the areas they service, rather than on documented population data.

As of June 1990, EDA officials were considering discontinuing the minority coding system because it was no longer used. They had no plans, they said, to implement another system to record data about minorities for EDA grant programs. These officials planned to issue revised guidance to EDA staff on this matter soon.

⁹Blacks, Hispanics, Asians or Pacific Islanders, and American Indians or Alaskan Natives are the primary minority groups currently recognized by EEOC and the federal government.

Reporting Public Works Jobs Created and Saved for Minorities

EDA requires grantees with public works projects to report on the number of jobs created and saved as a direct result of the grant and the number of minorities who fill these jobs. But EDA does not follow up to assure that the reported jobs were created and saved as a result of the EDA grant. Nor does it otherwise use the reported data.

As a condition to receiving grant funds, applicants for EDA public works grants must estimate the number of jobs to be created or saved directly as a result of receiving the grant. Applicants whose projects create or save jobs may be more competitive than applicants whose projects do not, according to EDA grant announcements in the Federal Register. If 15 to 50 jobs are to be created or saved, a work-force profile according to minority group is required. In addition, when 50 or more jobs are to be created or saved an affirmative employment plan must be submitted as part of the application. Equal opportunity specialists in EDA regional offices review this portion of the applications and help applicants complete the application.

But after the data are collected and the grant project begins, EDA does not follow up with grantees to determine the numbers of actual jobs created or saved due to the EDA grants. Consequently, no one systematically gathers data on the numbers of minorities who were employed or retained their jobs because of EDA grants. Nor is there generally a systematic monitoring of whether a grantee's work-force profile includes a proportionate representation of minorities, EDA officials acknowledged. Grantees are not penalized, according to EDA, if they do not create or save the number of jobs estimated, do not fill vacancies with minorities as estimated, or both. EDA staff are so busy reviewing and approving applications and funding new grant projects, EDA officials said, that they do not have the time or resources for such follow-up actions.

In June 1990 EDA officials told us that they were reconsidering (1) the need for all grantees to report on the numbers of jobs created and saved because of EDA grants and (2) EDA regional offices' monitoring of grantees in this regard and use of the data provided. They said that revised directives were being developed to address these issues.

Major Contributors to This Report

Human Resources
Division,
Washington, D.C.

Larry Horinko, Assistant Director, (202) 523-9131
Greta M. Tate, Evaluator-in-Charge

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