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Public Employment Programs In East St. Louis, Illinois

B-171500

Department of Labor

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

Order No. 100

090273

JULY 1974



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

B-171500

The Honorable Adlai E. Stevenson, III
United States Senate

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Dear Senator Stevenson:

Your letter of January 31, 1973, requested us to provide information on certain programs in East St. Louis, Illinois. These programs included (1) East St. Louis State Community College's federally funded activities, (2) Model Cities Program and the Ascending Citizens Development Corporation's activities, and (3) East St. Louis' public employment programs. We sent information on the first item informally to your office and issued a report on the second item on January 7, 1974.

This report is about the operation of public employment programs in East St. Louis. As agreed with your office, this information concerns the status of the programs, selection and enrollment of participants, the comparability of salaries, and the adequacy of records and reports.

We did not submit this report to the Department of Labor or to the program agents for formal review or comments. We discussed the contents of this report with Department officials and city representatives and we considered the views of program agents in its preparation.

In accordance with our agreement with your office, we are providing a copy of this report to Congressman Melvin Price. We do not plan to further distribute this report unless you agree or publicly announce its contents.

Sincerely yours,

James B. Peets

Comptroller General
of the United States

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ABBREVIATIONS

EEA Emergency Employment Act of 1971

GAO General Accounting Office

D I G E S T

WHY THE REVIEW WAS MADE

As requested by Senator Adlai E. Stevenson, III, GAO reviewed aspects of program operations authorized by the Emergency Employment Act of 1971 (EEA) in East St. Louis, Illinois. East St. Louis is a subagent under four separate EEA grants--two administered by St. Clair County, Illinois, and two administered by the State of Illinois.

EEA's two major objectives are relieving unemployment and providing needed public services. Other objectives are to serve special target groups of the unemployed and to place participants in permanent nonsubsidized positions.

This report deals with the status of EEA programs, selection and enrollment of participants, comparability of salaries, and adequacy of records and reports.

FINDINGS AND CONCLUSIONS

Through March 1973, East St. Louis spent about \$4.4 million in Federal funds to employ about 1,330 persons in public employment programs.

Although the city contended its needs exceeded the Federal funding provided, it received a larger share of funding than other comparable municipalities.

East St. Louis received the bulk of

its funds under the Welfare Demonstration Program which was more restrictive than other EEA programs as far as types of participants who could be enrolled. (See p. 9.)

Meeting program objectives

We doubt if the city was able to meet priority public service needs it established when preparing its program grant applications because about 80 percent of the jobs were under the Welfare Demonstration Program.

In filling jobs under this program, the city gave greater consideration to skills of the target group--primarily disadvantaged welfare recipients--than to priority public service needs. Participants were apparently providing useful public services and satisfying the second major objective of EEA. (See p. 11.)

Of the 301 participants who had finished the program and for whom records were available, only 57 or 19 percent had obtained nonsubsidized jobs. Another 57 entered other training, school, or the Armed Forces. The rest did not obtain employment or enter further training when they left the program. (See p. 14.)

Selection and enrollment of participants

East St. Louis did not always follow selection procedures prescribed in grant agreements or in Department

guidelines in selecting EEA participants. GAO did not, however, find any evidence that this detrimentally affected selection of participants. In fact, the city enrolled many persons from among specified target groups.

Although veterans' preference procedures were not always followed, the city, unlike many other program agents nationwide, made substantial progress in meeting the Department's hiring goal for Vietnam-era veterans.

The programs enrolled large numbers of females, blacks, disadvantaged persons, and public assistance recipients. A review of the records of 313 persons employed under the Welfare Demonstration Program revealed only a few cases of questionable eligibility. (See p. 16.)

Salary comparability

A salary review for 60 job classifications to determine comparability showed the majority were either newly created positions for which no comparison was available or were comparable with salaries paid regular employees.

When salaries were not comparable, office aides, social service advisors, teacher aides, and community aides were paid more than regular employees. Accountants, security guards, matrons, and bus drivers

were paid less than regular employees. (See p. 18.)

Financial and participant data

GAO found some discrepancies in financial and program data submitted by program agents and subagents to the Department of Labor.

Data reported was sometimes inaccurate and was not always submitted on time. Therefore it was not as useful as it might have been to the Department for program monitoring or determining overall program effectiveness. (See p. 9.)

AGENCY ACTIONS

GAO discussed financial and program data reporting problems with program agent officials. To reduce accounting and reporting problems experienced with the city and to benefit program participants, the State negotiated and contracted directly with employing agencies, such as school districts and other quasi-governmental bodies in the East St. Louis area.

County officials told GAO that the financial problems had been corrected.

City officials said they had started corrective actions and made certain personnel changes because of the accounting problems. (See p. 9.)

CHAPTER 1

INTRODUCTION

The Emergency Employment Act of 1971 (EEA), (42 U.S.C. 4871), is designed to provide unemployed and underemployed persons with transitional jobs providing needed public services during times of high unemployment.

EEA authorized \$750 million for fiscal year 1972 and \$1 billion for fiscal year 1973 for programs under section 5 of the act. Unemployed and underemployed persons are hired through the Public Employment Program and related demonstration programs whenever the Secretary determines that the nationwide unemployment rate has been 4.5 percent or more for 3 consecutive months. The Welfare Demonstration Program was designed to demonstrate the impact of public employment programs on welfare recipients.

Section 6 of the act established a Special Employment Assistance Program and authorized \$250 million each for fiscal years 1972 and 1973 to provide jobs to unemployed and underemployed persons in areas of substantial unemployment. EEA defined "area of substantial unemployment" as any area of sufficient size which had an unemployment rate equal to or in excess of 6 percent for 3 consecutive months.

The total sections 5 and 6 authorization of \$1 billion was appropriated for fiscal year 1972. Congress appropriated \$1.25 billion for fiscal year 1973; however, the President vetoed the bill. Labor was operating the programs under a continuing resolution at a \$1 billion level and had allocated a total of \$447.1 million on a monthly basis for operations through March 15, 1973. Effective with the President's signing of the joint congressional resolution continuing Labor's funding through June 30, 1973, and providing \$1.25 billion for EEA programs, Labor allocated the remaining \$802.9 million, in April 1973, to continue program operations from March 15, 1973, through June 30, 1974, the programs' completion date.

To implement the EEA public employment programs, Labor awarded grants totaling about \$2 billion through June 1973 to about 657 States, counties, cities, and Indian tribes serving as program agents. Through January 1974, about 657,000 persons had been employed in EEA jobs.

The Department of Labor carries out the EEA programs through grants to program agents who negotiate subgrants with smaller units of government within their jurisdictions. About 5,250 subagents received EEA funds and, in turn, authorized 17,500 employing agents, such as school districts and other quasi-governmental bodies to hire participants.

The Secretary of Labor, in implementing EEA, determined that a city must have at least 75,000 people to become a program agent. According to the 1970 census, East St. Louis had a population of about 70,000 and did not qualify to act as a program agent.

East St. Louis is, however, a subagent under four separate EEA grants. The grants are the Public Employment Program and the Special Employment Assistance Program administered by St. Clair County, Illinois, and the Balance-of-State Program and Welfare Demonstration Program administered by the State of Illinois.

The program agent is responsible to the Secretary for spending funds and insuring compliance with the act's provisions, regulations, guidelines, and other material relating to program operations by subagents. The program agents' specific responsibilities include (1) requesting, receiving, administering, and distributing funds to subagents within their jurisdictions, (2) developing with subagents effective plans to implement the program, (3) making contract agreements with subagents, and (4) performing periodic reviews and administering all activities under its approved plan.

EAST ST. LOUIS

East St. Louis has many problems of both a physical and social nature. Foremost is unemployment. According to a report prepared by the city, industrial employment has declined about 50 percent during the last 15 years. Retail and wholesale employment has also declined.

The majority of the city's population belonged to disadvantaged, minority groups--mostly blacks. About 10.3 percent of the labor force was unemployed and about 28.5 percent of all families had an income below the poverty level.

A January 1972 grant application stated that the city had sustained a \$1.25 million deficit and was maintaining services through tax anticipation warrants. The city's tax yield has drastically declined, however, because of the above problems.

SCOPE OF REVIEW

We examined the act's legislative history and the Department's regulations and program guidelines relating to program agents' responsibility in operating public employment programs under the act. We also examined the participating agents' records and discussed the programs with city, county, State, and Federal officials.

In addition to East St. Louis, our review included the State of Illinois and St. Clair County, Illinois. At the time of our fieldwork, July through September 1973, the most complete and accurate program data available was as of March 31, 1973, and although we updated data when possible, many of our analyses were based on the original data.

CHAPTER 2

CHRONOLOGY OF EAST ST. LOUIS PROGRAM DEVELOPMENT

In August 1971 East St. Louis established a task force to make plans for the city's participation in the EEA programs. At the task force's initial meeting, the city planners envisioned that, as a subagent, the city would receive a substantial portion of the estimated \$900,000 grant to St. Clair County under section 5 of the act.

More importantly the planners believed the city could qualify as a direct grantee for a section 6 program because of the high unemployment and underemployment in the city. The city's mayor, in an August 27, 1971, letter to the Assistant Secretary for Manpower, requested the city be designated a special area under the act and indicated the city's financial needs under the program would be about \$5 million.

PUBLIC EMPLOYMENT PROGRAM

On August 12, 1971, Labor allocated \$748,200 to St. Clair County as program agent for the Public Employment Program. The county received its initial grant of \$105,350 to implement the program late in August.

During September 1971 the county was developing, with its subagents, an application for full funding and a plan to fully implement the program. According to county and city officials, there was disagreement on how much of the grant should be allocated to East St. Louis.

The county's reasons for allocating a relatively small portion of its grant to the city were that the county (1) could not deviate from Federal formulas for allocations, (2) anticipated the city would also get Special Employment Assistance Program funds under section 6 through the county, and (3) anticipated that the city would get section 5 discretionary funds available through the State office.

On September 8, 1971, the city expressed objection to the county's proposed allocation and submitted a detailed request for 38 jobs and \$369,840, or 50 percent of the jobs and funds available to the county under section 5. The county responded on September 14th that the city's allocation was \$120,000 and requested a plan for use of the funds if the city desired to be the subagent for that amount.

The city submitted a plan to employ 19 persons at a cost of \$120,000 over a 12-month period. This plan was included in the county's grant application for the program year ending August 1, 1972. The application was approved and the full grant of \$748,200 was awarded in October 1971. An allocation of these funds is included in appendix I.

Modifications to the grant in January and June 1972 increased the job positions in East St. Louis to 20 and 27, respectively, with no Federal fund increase. Between August 1972 and May 1973 grant modifications provided the county with an additional \$597,900 for program costs through May 31, 1973. A November 1972 modification decreased the job positions for East St. Louis to 24, extended the grant period to December 15, 1972, and increased Federal funds for the city to \$179,280. None of the other modifications specifically referred to the program in East St. Louis. In May 1973 the county's grant was further modified to provide an additional \$531,400 for program costs through June 30, 1974.

A county official said that as of March 8, 1974, there was one employee remaining in the Public Employment Program and that this employee would continue through June 1974 if sufficient funds remained under the program.

SPECIAL EMPLOYMENT ASSISTANCE PROGRAM

Both city and county officials believed that East St. Louis could qualify under the Special Employment Assistance Program (section 6) of the act. However, the city officials thought they could deal with Labor directly as a program agent, while the county officials believed the city would have to deal through the county. Becoming a program agent was a problem for the city because its population was less than the 75,000 minimum standard established by the Department.

On September 24, 1971, the mayor forwarded a section 6 grant application to the Department of Labor's Chicago regional office. It called for Federal funding of \$5.6 million to create 1,100 jobs. Although we found no formal correspondence, city and State officials said that Labor rejected the application based on the 75,000 population criteria. These officials used the application, with some revisions, to obtain the Welfare Demonstration Program.

On September 21, 1971, Labor allocated \$629,200 in section 6 funds to St. Clair County subject to the county's submitting the required application. On October 12, 1971, the county submitted the required application covering December 13, 1971 through December 12, 1972. It requested Federal funding of \$519,200 for 65 jobs other than for East St. Louis and \$110,000 for jobs for the city. According to the application, the city had not prepared a program at that time for its \$110,000 proposed allocation. East St. Louis had already submitted its own section 6 application for \$5.6 million and was not satisfied with the small allocation proposed by the county.

On November 1, 1971, the county advised the city to provide a program by November 8, 1971, or the county would use the \$110,000 to hire city residents as county employees.

After the \$5.6 million section 6 proposal rejection, the city prepared a plan projecting expenditure of \$110,000 of Federal funds to employ 10 patrolmen over a 12-month period. The county's grant application included the plan in December 1971. Four fireman positions in East St. Louis were added to the revised grant application in July 1972 making a total of 14 jobs but with no increase in funds to the city. In May 1973 modifications to the county's grant from Labor provided \$325,043 for program costs through June 30, 1974. This grant, however, did not specifically refer to the East St. Louis program.

The Special Employment Assistance Program was phased out in October 1973 when the remaining 13 employees were transferred to the Public Employment Program. These employees were subsequently given regular city employment.

WELFARE DEMONSTRATION PROGRAM

After Labor rejected the city's request for a \$5.6 million grant, State officials advised the mayor that the city's section 6 application could be used as part of the State's request for a Welfare Demonstration Program. A city official hand-carried budget and job information extracted from the section 6 application to State offices in October 1971.

In January 1972 the State submitted an application to Labor for \$12 million in Federal funds to cover 3,468 jobs. The application included \$3.4 million for about 1,100 jobs in

East St. Louis. Labor approved it and the grant became effective February 24, 1972. In January 1973 the State transferred about \$700,000 additional funds to East St. Louis to cover program costs through June 30, 1973, thus increasing the grant to \$4.1 million.

Modification to the State grant in May 1973 extended the grant period through June 30, 1974. Labor provided the State with additional funds of about \$3.6 million to cover the extended period and about \$1.2 million was applicable to East St. Louis.

Jobs in East St. Louis were to decrease by 70 each month for the period July 1973 through February 1974 with the final phase out of 140 jobs in March 1974. City officials said there were 10 employees remaining in the Welfare Demonstration Program as of March 8, 1974. Information on persons still employed by the employing agencies reporting directly to the State was not readily available but a State program official told us that phaseouts were proceeding according to schedule.

BALANCE-OF-STATE PROGRAM

On June 5, 1972, the mayor wrote the President of the United States and the Secretary of Labor urgently requesting funds to relieve the unemployment situation of approximately 1,500 veterans in East St. Louis. These communications said the city received only a small amount of the county's grants under sections 5 and 6. The communications also said the jobs provided under the \$3.4 million Welfare Demonstration Program grant were limited to people receiving welfare and most single male veterans were not eligible.

On June 28, 1972, 150 to 200 demonstrators demanding jobs occupied the East St. Louis City Hall. In response to the mayor's requests, the Secretary of Labor advised him in July that arrangements were being made to provide \$2.2 million to the State of Illinois for jobs in East St. Louis.

On July 11, 1972, the city prepared an application for \$72,422 in Federal funds to cover 58 jobs. East St. Louis was included as a subagent under the State of Illinois Balance-of-State grant on July 17, 1972. The city obtained funds under the Balance-of-State grant for the express purpose of hiring men.

These funds and positions covered July and August 1972 and extensions were made to cover September and part of October. The grant added \$195,788 for 164 jobs in October 1972. Between January and May 1973, there were three more extensions providing an additional \$475,000.

Labor modified the Balance-of-State grant in May 1973 extending the grant period to June 30, 1974, and allocated the remainder of the \$2.2 million to East St. Louis to cover the phaseout of this program.

City officials reported that two employees under the Balance-of-State Program remained as of March 8, 1974. Data was not readily available for the employing agencies reporting directly to the State.

CHAPTER 3

STATUS OF PROGRAMS

The Emergency Employment Act has two major objectives--relieving unemployment and providing needed public services. Other objectives are serving special target groups of the unemployed and placing participants in permanent nonsubsidized positions. East St. Louis experienced variable success in meeting these objectives. In some cases the degree of success experienced was attributable to the city's actions; in others, outside factors had considerable influence.

The city received fair treatment as far as the total amount of Federal dollars it received for public employment programs. Although the city contended that its needs were greater than the funding received under the regular public employment programs, overall it received a much larger share of funding than other comparable municipalities. Through March 31, 1973, the city spent about \$4.4 million in Federal funds and employed about 1,330 persons in public employment programs. However, most of the funding was under the Welfare Demonstration Program which was more restrictive as far as participants who could enroll, and this affected the type of public services provided.

FINANCIAL AND PARTICIPANT DATA REPORTING

We found some discrepancies in the financial and program data submitted by the program agents and subagents to Labor. The data reported was inaccurate in certain instances and sometimes late, and therefore was not as useful as it might have been to Labor for program monitoring or determining overall program effectiveness.

Excluding the Welfare Demonstration Program, all programs' monthly financial reports were prepared primarily on a cash basis instead of on an accrual basis.

Although all programs used cash advances to the city at the beginning of the program, officials involved in the administration of the section 5 and 6 programs and the Balance-of-State Program stated that they stopped using these advances because of late financial reporting by the city.

A Welfare Demonstration Program official advised us that the city's advance had been reduced from 45 days to one biweekly pay period.

City records showed relatively small cash transfers between program accounts which were unauthorized by program agents. These were recorded on city books as loans and advances to meet payroll needs.

In response to suggestions from the program agents regarding accounting problems, the city contracted the services of a certified public accountant and in July 1973 the chief accountant in the city's Urban Affairs Department who was responsible for EEA fiscal reporting, was fired. The city hired additional personnel to take his place.

In an effort to reduce the city's accounting and program reporting problems and to benefit program participants, the State negotiated and contracted directly with employing agencies, such as school districts and other quasi-governmental bodies in the East St. Louis area.

In February 1974 a St. Clair county program official told us that the accrual problems had been corrected. City officials advised us that corrective actions were initiated to correct the unauthorized cash transfer problem.

REACHING TARGET GROUPS

East St. Louis enrolled many persons from among the act's specified target groups. Unlike many other program agents, the city made progress in meeting Labor's hiring goal for Vietnam-era veterans. Vietnam-era veterans represented about 41 percent of the total enrollments under three of the programs as of March 1973. The fourth, the Welfare Demonstration Program, was geared toward welfare recipients and thus enrolled large numbers of females. (See app. II.)

Section 12 of the act calls for selecting program participants equitably from the significant segments of the unemployed and for considering the relative number of unemployed in each segment. Labor's guidelines classify the significant segments into eight groups, such as Vietnam-era veterans,

persons 18 to 22 years of age, persons 45 years of age or over, migrant farmworkers, and persons from families with incomes below the poverty level or welfare recipients.

Labor's goal regarding veterans hired under the act ranged from 33 percent for the initial program period to 40 percent during fiscal year 1973. The Public Employment, Special Employment Assistance, and Balance-of-State Programs specified veterans as a target group. Despite deviations from Labor's hiring procedures, data reported by the program agents shows that progress was made under these three grants as noted in the following schedule.

<u>Program</u>	<u>Vietnam-era veterans</u>	<u>Total participants</u>	<u>Percent Vietnam-era veterans</u>
Public Employment	15	30	50
Special Employment Assistance	7	14	50
Balance-of-State	<u>72</u>	<u>184</u>	<u>39</u>
Totals	<u>94</u>	<u>228</u>	<u>41</u>

The Welfare Demonstration Program was not intended to single out veterans. However, 4 percent of those hired were Vietnam-era veterans.

The Welfare Demonstration Program was intended to demonstrate the impact of public employment programs on welfare recipients. Statistics for East St. Louis as of March 1973 indicate all of the 977 participants were in this category.

PUBLIC SERVICE BENEFITS

About 80 percent of the jobs in the city were under the Welfare Demonstration Program, therefore it is doubtful whether the city could meet the priority public service needs initially established when preparing its application. It appears that the participants were providing useful public services and satisfying the second major objective of EEA. In filling and selecting jobs under the Welfare Demonstration Program, the city had to give greater consideration to the skills of the target group--primarily disadvantaged welfare recipients--than to priority public service needs initially formulated.

One of EEA's major objectives was to fill unmet needs for public services through a program of public employment. The city's original applications for the Special Employment Assistance Program and the Public Employment Program contained what city officials believed to be a comprehensive program in various areas of public services designed to "maximize public services and employment opportunities." Later applications were all related to this original estimate.

A schedule of the jobs originally requested in nine public service area categories and actual enrollments in these categories through March 1973 is given below.

<u>Public service area</u>	<u>Originally requested</u>	<u>Percent</u>	<u>Cumulative participants</u>	<u>Percent</u>	<u>Current participants</u>	<u>Percent</u>
Law enforcement	106	9	185	14	124	13
Education	602	54	231	17	164	17
Public works and transportation	96	9	180	14	149	15
Health and hospitals	11	1	160	12	118	12
Environmental quality	30	3	48	4	41	4
Fire protection	56	5	46	3	42	4
Parks and recreation	8	1	75	6	68	7
Social services	141	13	191	14	152	16
Other	59	5	212	16	122	12
	<u>1,109</u>	<u>100</u>	<u>1,328</u>	<u>100</u>	<u>980</u>	<u>100</u>

For more information see app. III.

Public service priorities

The city's original Special Employment Assistance Program application and the smaller Public Employment Program application set out certain services as having the highest priority. Demolition services were given top priority in both applications followed by secondary street construction and sewer rehabilitation.

The following schedule lists the top 7 priority needs of 36 listed in the initial applications, their appropriate public service areas, the number of jobs needed to "maximize public services", and the number of EEA participants in these priority areas as of March 1973.

<u>Priority</u>	<u>Specific public service area</u>	<u>Number of jobs envisioned</u>	<u>Partici-pants</u>
1	Demolition	19	20
2	Secondary street construction	38	25
3	Sewer rehabilitation	24	3
4	Police force	38	29
5	Fire force	42	12
6	Elementary teachers	74	0
7	Teacher-aides	488	5

According to city officials, the jobs actually provided under the four grants differed significantly from those originally proposed because (1) Public Employment and Special Employment Assistance Programs grants were less than requested, (2) establishment of different jobs to match the qualifications of eligible persons (primarily females) under the Welfare Demonstration Program were needed, and (3) equipment or supplies to support certain types of jobs were in short supply.

City officials said they met some of these needs by using funds available through Model Cities and Planned Variation Programs but were unable to quantify the exact extent to which these priority needs were met.

In an evaluation report of the Welfare Demonstration Program in East St. Louis, the Illinois Institute for Social Policy reported that, because of the change from a Special Employment Program to a Welfare Demonstration Program, few men were available for jobs. Thus the number of public works job for the first three priority needs was reduced. The report stated the city was experiencing such a grave economic crisis in every public agency that additional staff was welcome in any capacity.

As of March 1973 about 20 percent of the city's personnel were EEA employees. The director for the city's health, education, and welfare department, told us that 193 of 357 personnel, or over 54 percent, were EEA participants. An annual report of the East St. Louis Housing Authority, a public agency receiving Welfare Demonstration Program support, showed that EEA employees had nearly doubled its staff.

Benefits derived

In discussing significant accomplishments of EEA personnel, the director for the city's health, education, and welfare department cited the rescue unit, comprised of EEA participants, which had responded to 74 housefires in a 42-day period. The unit revived three of five smoke inhalation victims at these fires. He also cited the rabies control unit, comprised of EEA participants, which had in nine months of operation impounded more stray, rabid, and unlicensed dogs (about 800) than any other township in the county.

An official of the city's school district, while unable to quantify benefits from EEA employees, stated that the district was understaffed and, because the program had allowed the district to go beyond its own budget, it was able to provide more services. He singled out teacher aides as having been of tremendous help.

The city's public works department director stated that EEA participants allowed expansion of services such as street and alley cleaning, refuse and garbage collection, rejuvenation of parks, and tree cutting and removal.

PERMANENT PLACEMENT OF PARTICIPANTS

Attempts to measure the success experienced in permanently placing EEA participants was hampered by the condition of participant records in general. Our inquiry at program agent offices disclosed that their statistics were inaccurate in identifying the programs' status. This condition existed because subagents failed to prepare and/or submit individual participant records--or data necessary for its preparation by the program agent--on time.

Of the 301 terminees for whom records were available at the time of our detailed field work, only 57 or 19 percent had obtained nonsubsidized jobs. Another 57 entered into other training, school, or the Armed Forces. The rest did not obtain employment or enter training when they left the programs.

CHAPTER 4

SELECTION AND ENROLLMENT OF PARTICIPANTS

Procedures prescribed in grant agreements or in Labor's guidelines for the selection of participants were not always followed. We did not, however, find any evidence that this had a detrimental effect on the selection of participants.

Citizen participation committees which were supposed to screen and evaluate applicants for the Public Employment and Balance-of-State Programs were not always used. Labor's requirement that all jobs be listed for 48 hours with the State employment service was not followed on these two programs. Specified referral agencies under the Welfare Demonstration Program were apparently bypassed for some applicants.

PUBLIC EMPLOYMENT PROGRAM

The grant agreement provided that applicants be evaluated by a screening committee comprised of four city employees and three city residents before hiring, that jobs or positions would be listed with the employment service, and the first 48 hours after jobs were listed would be reserved for referring veterans.

City officials advised us that this screening committee had not been established. Rather, both walk-in applicants and State employment service referrals went directly to the appropriate city department head for screening and selection. Police and fire position applicants were processed through an appropriate board. These city officials stated that all positions were registered with the employment service and that the applicants referred for a given position by the employment service were considered to be qualified.

An employment service official stated that when a position was listed with the service, applicants who initially came there (not sent by the city) were certified by unemployment eligibility and qualifications. In some cases the employment service was not aware of a position until an applicant was sent to it. He said, in such cases, the employment service listed the job and certified the individual by unemployment status. It did not, however, in these cases, determine qualifications since the applicant had already been accepted by the city. Records available at the employment service and

the city's personnel office were incomplete and inconclusive as to the number of walk-in and referral applicants.

Employment service records showed that under this grant, nonveterans were sometimes referred by the employment service within the 48-hour period reserved for veteran referrals. We noted this on four of nine employment lists that related specifically to this grant.

SPECIAL EMPLOYMENT ASSISTANCE PROGRAM

This program was used to fill 14 police and firemen positions and we noted deviations from authorized screening and enrollment procedures.

WELFARE DEMONSTRATION PROGRAM

The Illinois Department of Public Aid, in accordance with grant provisions, screened its welfare rolls, identified potential applicants, notified about 7,000 persons of the availability of the program, and assisted them in contacting designated referral agencies. The three referral agencies-- Illinois State Employment Service, Youth Opportunities Commission, and Work Incentive Program--matched the applicants to jobs available under the program in various employing agencies and city departments, provided testing where necessary, and referred applicants to the employing agencies for interview.

The employing agencies interviewed applicants and hired those qualified. Employing agencies were to advise the referral agency of the results of these interviews and whether or not the applicant was hired. Referral agency personnel said it was often necessary to contact the hiring agency after an interview to find out if an applicant had been hired. There were 13 city departments and 5 public agencies which were used as hiring agencies under the grant.

A review of a city payroll and records of the 3 referral agencies regarding 313 city department welfare grant employees on the payroll as of June 30, 1972, showed that only 13 had not gone through the referral process. Eight of these employees, however, were on welfare rolls and had been determined eligible for the program by the Illinois Department of Public Aid, but apparently applied to the city for jobs and bypassed the referral process.

According to an official at the Illinois Department of Public Aid, no records could be found for three of the five; therefore, they were not public aid recipients and ineligible for the program. However, an official of the city's Urban Affairs Department stated that two of these three were hired with administrative funds provided by the State program agent and therefore did not have to be public aid recipients. Also, the two, for which records were found, although public aid recipients, were not residents of the city and were not eligible for the program.

Program agent officials agreed that employees hired with administrative funds under the grant were not required to be city residents or on welfare rolls. They discovered about 25 ineligible employees hired under this program by the city and other public agencies and were in the process of obtaining refunds on those employees.

BALANCE-OF-STATE PROGRAM

An agreement between the city and State provided for a six-man screening committee comprised of city personnel and general public representatives. Our test of personnel files showed that this screening committee was not always used and was sometimes replaced with a more expeditious referral process. This was motivated in part by the June 1972 take-over of city hall by demonstrators seeking jobs.

Although the grant for the Balance-of-State Program was subject to Labor's requirement that positions be listed with the State employment service, we were advised that none of the positions under this grant were listed. City officials already had more than enough applicants for the jobs and, therefore, had no need to list positions for additional applicants.

The listing of jobs with the employment service for 48 hours was essentially to give veterans a preference in hiring. About 43 percent of the participants hired under the Balance-of-State Program were Vietnam-era veterans.

CHAPTER 5

SALARY COMPARABILITY

The act states that EEA program participants be paid at a rate equal to the highest minimum wages established by State, local, or Federal statute or a rate equal to the prevailing pay for persons employed in a similar public occupation by the same employer up to \$12,000 a year.

East St. Louis does not have a standardized salary system applicable to all its departments. Salaries are set within a range, specified by ordinance for certain positions, by the appropriate department head and the city's personnel director based on their evaluation of the applicant's skills and experience.

Some positions were created within city departments and other public employing agencies to take advantage of the availability of EEA funds. Our comparisons of salaries paid to EEA participants were limited to comparing their wages with regular employees' wages within the employing city department or public agency. We compared the EEA participants' salary to the salary range of other city department positions included in established job classifications.

We made our test for pay comparability by reviewing 60 job classifications, accounting for 285 participants in 3 public and 5 city departments in the East St. Louis programs. Of the 60 positions selected, 26 in which 116 participants had been hired, were found to be new positions--not previously in the city's or its agents' personnel structures. Of the remaining 34 positions, the pay for 9, under which 47 participants had been hired, was not comparable.

These nine positions were in two public employing agencies under the Welfare Demonstration Program grant. Four of the positions were with the East St. Louis Housing Authority as follows:

<u>Welfare Demonstration Program</u>		<u>Regular employee</u>	
<u>Classification</u>	<u>Annual salary</u>	<u>Classification</u>	<u>Annual salary</u>
Office aide	\$5,040	Cashier/book-keeper	\$4,305
Accountant	5,800	Accountant I	6,053
Social service advisor	5,200	Social service advisor	3,475
Security guard	6,600	Security guard	7,176

A Housing Authority official explained that the difference in the salaries for guards was due to additional duties performed by regular guards; however, he was unable to fully explain the differences in the other 3 positions. Regarding the position with the major difference--social service advisor--the official explained that the regular employee only works 6 hours a day as opposed to 8 hours for the EEA participant. He stated that, although this accounted for some of the difference, perhaps the EEA salaries were set at a higher rate to force management to raise regular employees' salaries.

The other five positions for which pay was not comparable were with the East St. Louis School District as follows:

<u>Welfare Demonstration Program</u>			<u>Regular employee</u>		
<u>Classification</u>	<u>Annual salary</u>	<u>Monthly salary</u>	<u>Classification</u>	<u>Annual salary</u>	<u>Monthly salary</u>
Teachers' aide		\$373	Teachers' aide		\$330
Community aide		416	Community aide		350
Matron	\$5,200		Matron	\$5,628	
Security guard	5,200		Security guard	6,000	
Bus driver	7,200		Bus driver	7,378	

School district officials said that the matrons, security guards, and bus drivers received less pay because in some cases salaries were shaved so that more employees could be hired. Officials stated that the higher salaries for the EEA aide positions were more in line with the jobs and that the

regular employee salaries, which were set many years ago, were too low and would be raised as soon as local funding would permit it.

INITIAL ALLOCATION OF GRANT FUNDS BY ST. CLAIR COUNTY

	<u>Grant period</u>	<u>Federal funds</u>
PROGRAM AND AGENT: Public employment	Aug. 2, 1971 through Aug. 1, 1972	
St Clair County (program agent)		\$ 379,784
Subagents:		
Alorton City		18,600
Centreville City		27,900
Road District		21,278
East Side Levee District		36,728
East St. Louis Park District		26,437
Washington Park Village		28,371
Belleville City		34,026
Brooklyn Village		22,697
Fairmont City		15,624
East Side Health District		16,755
East St. Louis City		<u>120,000</u>
Total initial section 5 allocation		<u>\$ 743,200</u>
Special employment	Dec. 13, 1971 through Dec. 12, 1972	
St. Clair County (program agent)		\$ 295,200
Subagents:		
Canteen Township		30,000
Cahokia School District 187		29,044
Cahokia Village		29,956
East St. Louis City		110,000
East St. Louis School District 189		105,000
Swansea Village		<u>30,000</u>
Total initial section 6 allocation		<u>\$ 629,200</u>
Total		<u>\$1,377,400</u>

PARTICIPANT CHARACTERISTICS

FROM PROGRAM AGENT REPORTS

AS OF MARCH 31, 1973

	Programs			Balance of State	Total
	Public Employment	Special Employment	Welfare Demonstra- tion		
Age group:					
21 or less	2	0	221	23	246
22 to 44	25	14	677	142	858
45 or over	<u>3</u>	<u>0</u>	<u>79</u>	<u>19</u>	<u>101</u>
Total	<u>30</u>	<u>14</u>	<u>977</u>	<u>184</u>	<u>1205</u>
Sex:					
Male	27	14	297	181	519
Female	<u>3</u>	<u>0</u>	<u>680</u>	<u>3</u>	<u>686</u>
Total	<u>30</u>	<u>14</u>	<u>977</u>	<u>184</u>	<u>1205</u>
Group:					
White	3	1	35	20	59
Black	25	13	942	163	1143
Other	<u>2</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>3</u>
Total	<u>30</u>	<u>14</u>	<u>977</u>	<u>184</u>	<u>1205</u>
Military status:					
Vietnam-era veterans	15	7	36	72	130
Veterans	7	2	43	31	83
Nonveterans	<u>8</u>	<u>5</u>	<u>898</u>	<u>81</u>	<u>992</u>
Total	<u>30</u>	<u>14</u>	<u>977</u>	<u>184</u>	<u>1205</u>
Disadvantaged	<u>13</u>	<u>3</u>	<u>977</u>	<u>69</u>	<u>1062</u>
Public assistance recipient	<u>4</u>	<u>2</u>	<u>977</u>	<u>28</u>	<u>1011</u>

PUBLIC SERVICE AREAS
FROM INDIVIDUAL PARTICIPANT RECORDS
AS OF MARCH 31, 1973

	Programs			Balance of State	Total	Percent
	Public Employ- ment	Special Employ- ment	Welfare Demon- stration			
Total hires as of March 31, 1973:						
Law enforcement	2	10	156	17	185	13.9
Education	-	-	231	-	231	17.4
Public works and transportation	6	-	53	121	180	13.6
Health and hos- pitals	-	-	149	11	160	12.0
Environmental quality	3	-	21	24	48	3.6
Fire protection	6	4	30	6	46	3.5
Parks and recrea- tion	-	-	54	21	75	5.6
Social services	2	-	189	-	191	14.4
Other	<u>11</u>	<u>-</u>	<u>187</u>	<u>14</u>	<u>212</u>	<u>16.0</u>
Total	<u>30</u>	<u>14</u>	<u>1,070</u>	<u>214</u>	<u>1,328</u>	<u>100.0</u>
Total on board as of March 31, 1973:						
Law enforcement	-	10	97	17	124	12.7
Education	-	-	164	-	164	16.7
Public works and transportation	4	-	38	107	149	15.2
Health and hos- pitals	-	-	107	11	118	12.0
Environmental quality	1	-	19	21	41	4.2
Fire protection	5	4	27	6	42	4.3
Parks and recrea- tion	-	-	50	18	68	6.9
Social services	2	-	150	-	152	15.5
Other	<u>7</u>	<u>-</u>	<u>102</u>	<u>13</u>	<u>122</u>	<u>12.5</u>
Total	<u>19</u>	<u>14</u>	<u>754</u>	<u>193</u>	<u>980</u>	<u>100.0</u>