



090257 B-164031
8-6-74

**REPORT TO THE
COMMITTEE ON FINANCE
UNITED STATES SENATE**

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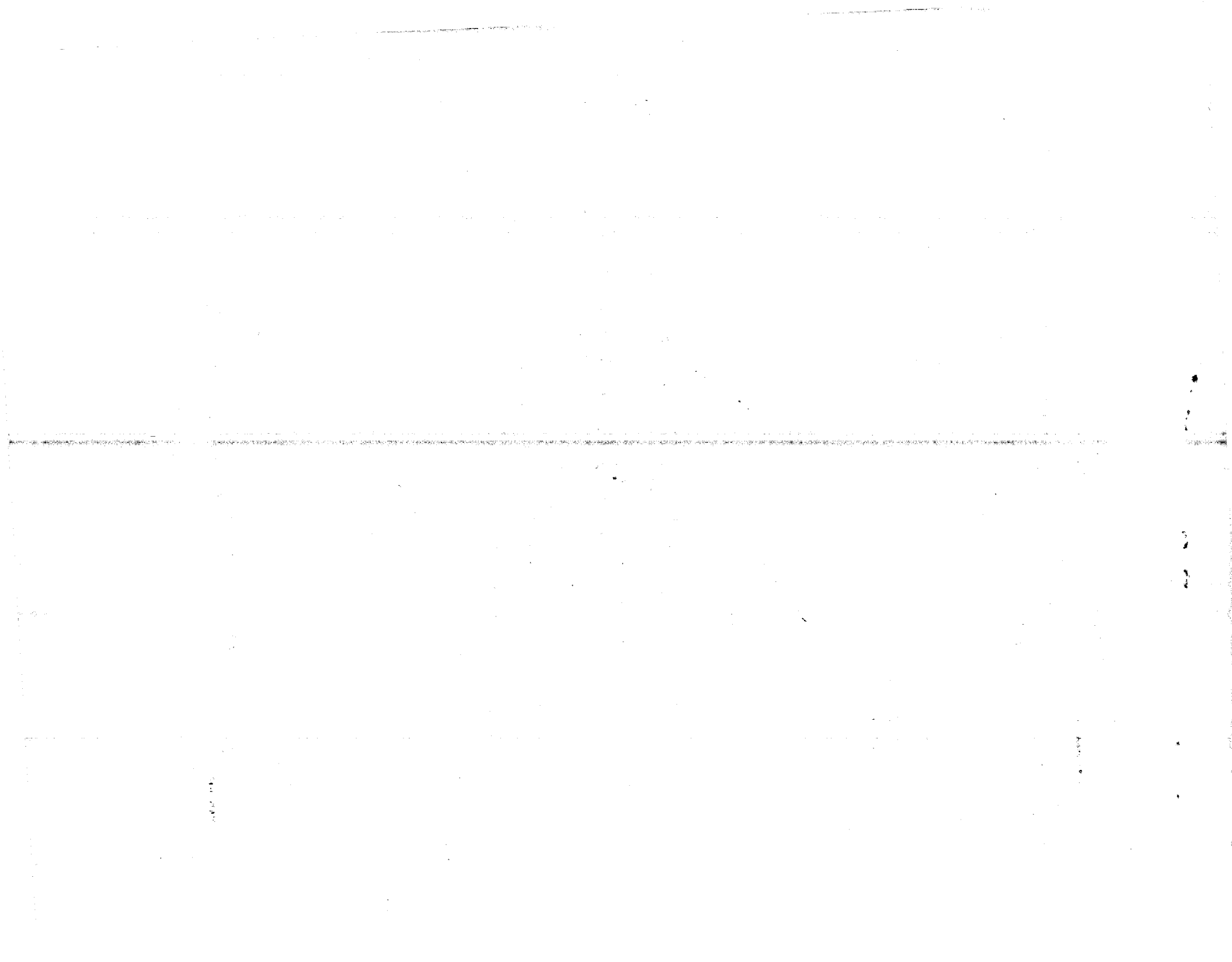
**Assessment Of The Work Incentive
Program In Washington State** B-164031(3)

Department of Health, Education, and Welfare
Department of Labor

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

~~906836~~ **090257**

AUG. 6, 1974





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

B-164031(3)

C1 + The Honorable Russell B. Long
R Chairman, Committee on Finance S 4100
United States Senate

Dear Mr. Chairman:

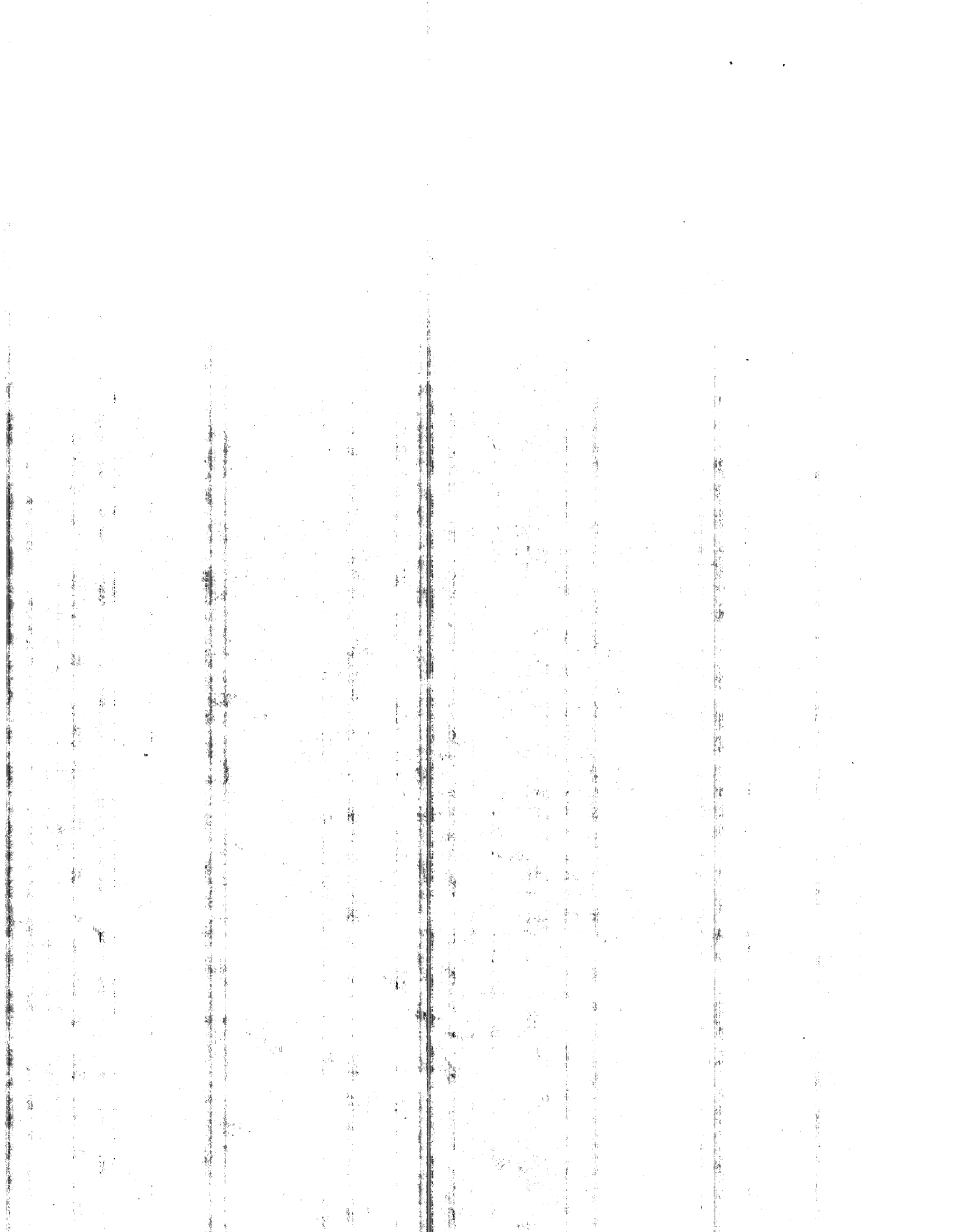
This is the second in a series of reports in response to your letter of February 2, 1973, requesting us to review aspects of the Work Incentive Program. As you requested, we placed particular emphasis during our review on actions taken to implement the 1971 amendments to the program. This report concerns program operations in Washington State generally during the period July 1, 1972--the effective date of the new legislation--through June 30, 1973.

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

As discussed with your office, we believe that the contents of this report would be of interest to other committees and Members of Congress. However, we will release this report only if you agree or publicly announce its contents. This report contains recommendations to the Secretaries of Labor and Health, Education, and Welfare which are set forth on pages iii and iv. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions he has taken on our C2 recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report, and the S House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the the report. Your release of this report will enable us to send the report to the Secretaries and the four Committees and set in motion the requirements of section 236. L1500 L300

Sincerely yours,

Comptroller General
of the United States



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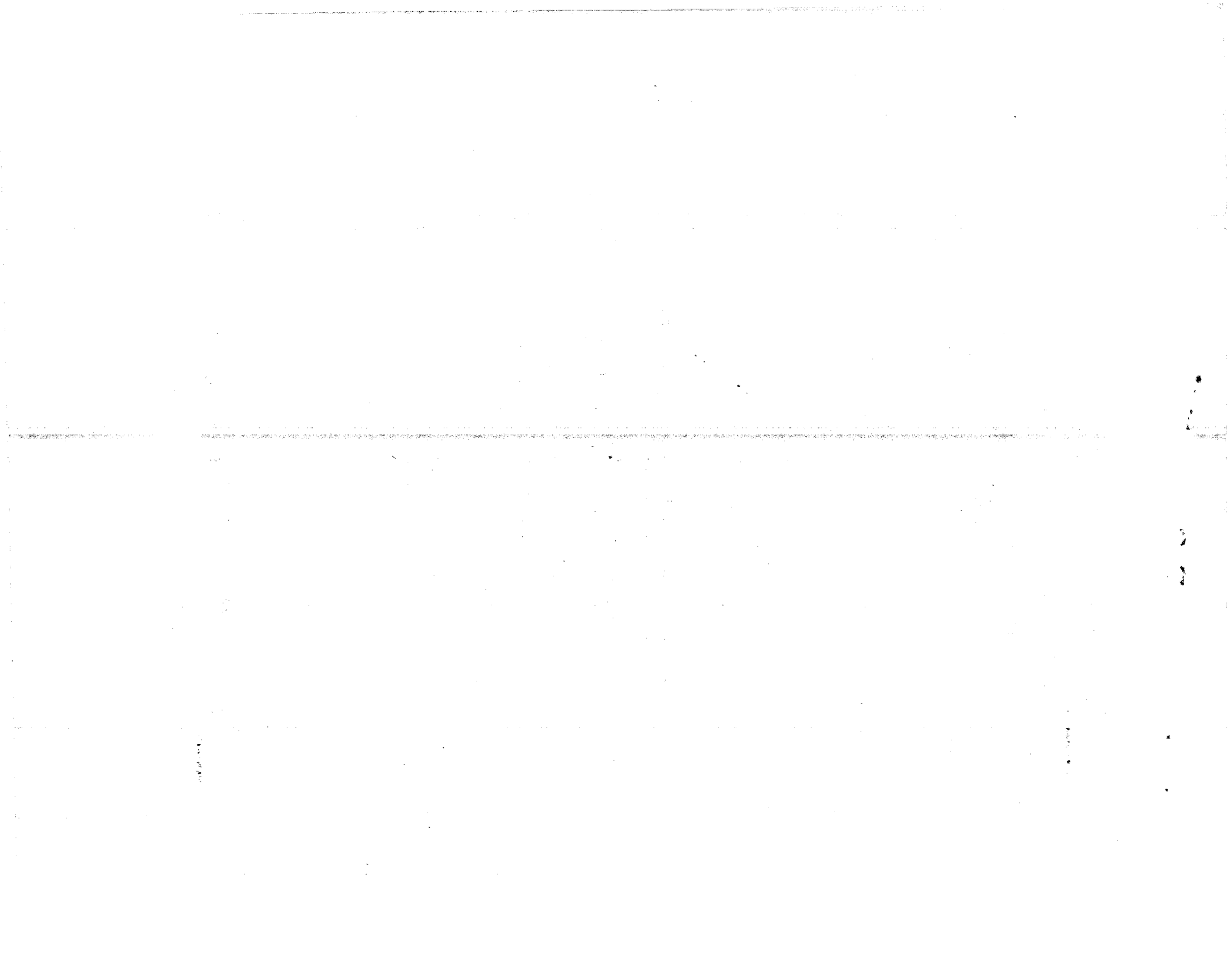
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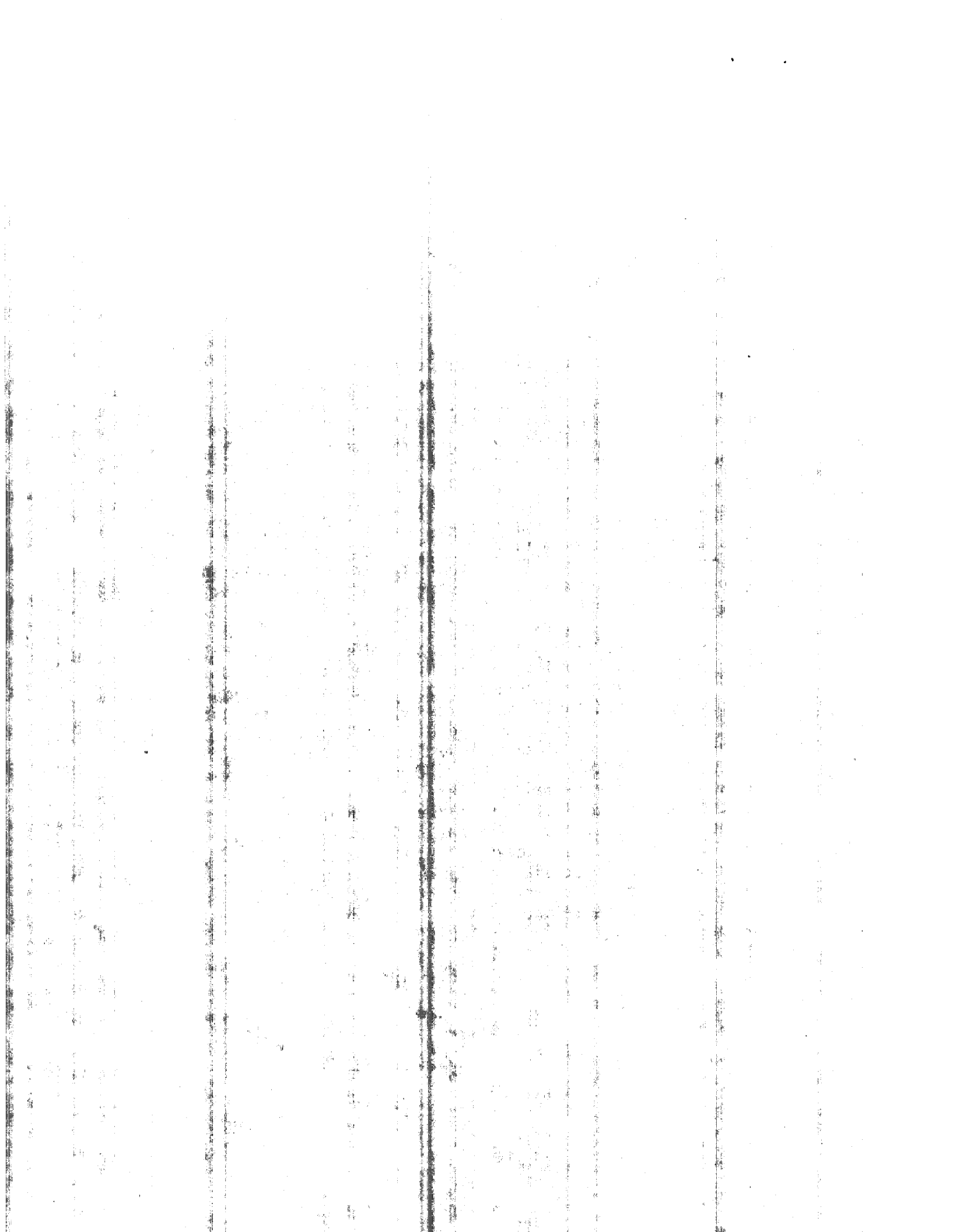
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ABBREVIATIONS

AFDC	aid to families with dependent children (program)
ES	Department of Employment Security, State of Washington
GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare
OJT	on-the-job training
PSE	public service employment
SAU	separate administrative unit
SHS	Department of Social and Health Serv- ice, State of Washington
WIN	Work Incentive (Program)

COMPTROLLER GENERAL'S
REPORT TO THE CHAIRMAN,
COMMITTEE ON FINANCE
UNITED STATES SENATE

ASSESSMENT OF THE WORK
INCENTIVE PROGRAM IN
WASHINGTON STATE
1 Department of Labor 9
2 Department of Health, Education, 22
and Welfare
B-164031(3)

D I G E S T

WHY THE REVIEW WAS MADE

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

The Chairman of the Senate Committee on Finance asked GAO to examine, among other things, how well the Department of Labor was implementing new legislative amendments--effective July 1, 1972--which changed the program's operations and emphasis. The revised program is called WIN II.

GAO was asked to conduct reviews in Atlanta, Detroit, Los Angeles, New York, San Diego, Seattle, and Tacoma. This report covers WIN in Seattle and Tacoma from July 1, 1972, through June 30, 1973. Views of Federal and State officials have been incorporated in the report.

FINDINGS AND CONCLUSIONS

WIN is jointly administered by the Departments of Labor and Health, Education, and Welfare (HEW) and is operated through State manpower and welfare agencies. In fiscal years 1972 and 1973, the Congress authorized expenditures of \$259 million and \$293 million, respectively, for WIN operations. (See pp. 1 to 3.)

Program results

During fiscal year 1973 the States in Labor's region X--Alaska, Idaho, Oregon, and Washington--reported they had generally met or exceeded the WIN goals set by Labor and HEW. In Washington over 26,400 welfare recipients registered for WIN.

Of these registered recipients, about 7,100 (or 27 percent) were selected for participation in WIN and 3,214 obtained jobs either on their own or as a result of WIN referrals. This compares to a goal of 2,465 job placements. (See pp. 4, 12, and 13 and apps. II and III.)

In Seattle and Tacoma, reductions in welfare payments totaled \$407,000 through May 1973 for over 500 individuals who obtained jobs during the first 9 months of fiscal year 1973. If the welfare agency had made proper grant adjustments in all cases, additional savings would have been realized. (See pp. 12, 15, and 16)

GAO's analysis of placement records in Seattle and Tacoma for the 9 months ended March 31, 1973, showed that:

--Most of those who obtained jobs had entered the program before July 1, 1972, the effective date of the new legislative amendments. (See p. 14.)

--Most who entered WIN before July

had received vocational training; this was not generally given to those who entered WIN after that date because of a lack of funds. (See p. 14.)

- About 60 percent of those placed who entered WIN before July 1, 1972, were females, whereas females represented only 33 percent of those placed who entered WIN after that date. According to local officials, under the new legislative amendments the most employable persons are to be selected for the program, and females who had registered needed vocational training but training funds were not available. (See p. 14.)
- Over half of those who obtained jobs found them on their own rather than through referrals from WIN. (See p. 14.)
- The jobs obtained covered the full range of occupational areas and the average wage ranged from \$2.93 per hour in Seattle to \$3.15 per hour in Tacoma. (See p. 14.)
- Many of those who obtained jobs apparently stayed employed. (See p. 15.)

Problems in the selection process

Because completed registration forms did not provide the information on work and training experience needed to assess registrants' employability potential, Washington established another step--preappraisal--which required a separate form and took additional time and effort. GAO believes that this information should be obtained at registration. (See pp. 5 and 7.)

Many registrants were rejected from participating in WIN on the basis of preappraisals and appraisal interviews. Others were rejected on the basis that their current status did not warrant WIN participation. State

WIN officials agreed that some of those rejected appeared to be employable.

More registrants could participate in WIN if the time for processing a registrant could be reduced and if more careful appraisal and processing at the local level would take place.

Labor and HEW officials said they were considering changes in program procedures which should expedite the processing of WIN registrants. (See pp. 5 to 8.)

Washington certifications that supportive services had been arranged or provided for WIN registrants--a requirement that must be met before a registrant can participate in training or employment--were not made as envisioned by the new legislative provisions for male registrants.

The State's practice did not result in realistic certifications and should be discontinued. (See pp. 8 to 10.)

Limited success of on-the-job training and public service employment

The Labor contract specified that the State must insure that at least one-third of its expenditures of Federal WIN funds (fiscal year 1973) were for on-the-job training and public service employment. The State reported that \$1,336,000 (or 39 percent) of its expenditures had been for these activities. (See p. 17.)

The Seattle and Tacoma WIN projects placed 184 participants in on-the-job training during the 9 months ended March 31, 1973. Of those who left on-the-job training, however, only 34 percent completed the training period and obtained regular jobs.

The 97 participants placed in public service employment did not appear to be much more successful. Attention should be given to improving the performance of the on-the-job training and public service employment components. (See pp. 18 to 21.)

Labor's performance standards do not appear to adequately measure the success or failure of these components. Management could be improved and the effectiveness of State activities could be better measured and evaluated if performance standards were revised. (See pp. 18 to 21.)

Tax credit to employers of WIN participants

The Revenue Act of 1971 provides for a tax credit to employers of WIN participants as an incentive to increase employment opportunities. Seattle and Tacoma WIN offices promoted the tax credit during fiscal year 1973, and, as a result, over 600 employers were certified as eligible for the tax credit. (See pp. 22 and 23.)

Some employers, however, doubted whether the tax credit would significantly impact on providing employment for WIN participants. More experience with the tax credit is needed to assess its full impact. (See p. 23.)

Improvements needed in reporting WIN activities

The WIN management information system, jointly developed by Labor and HEW, was designed to serve as a management tool and as a basic source of information for

reports provided to the Congress. Data developed and reported by Washington was of limited use during fiscal year 1973 because of delays in implementing the system.

Management information reports contained statistics on appraisal interviews, certifications, and placements which did not accurately describe WIN activities as required by Federal instructions. Certain terms need to be better defined and reported data needs to be better monitored. (See pp. 24 to 26.)

Coordination between manpower and welfare agencies

Communication channels have been established between manpower and welfare agencies at all levels. GAO found no serious problems in coordination. (See p. 28.)

RECOMMENDATIONS

GAO recommends that the Secretaries of HEW and Labor jointly require:

- Washington to shorten the time between registration and appraisal of WIN registrants and improve the appraisal process. (See p. 10.)
- Washington to obtain information on work and training experience and supportive service needs at registration. (See p. 10.)
- Washington to terminate paper certifications of unemployed fathers and require that only registrants for whom supportive services have been provided or arranged, or for whom a realistic appraisal has been made that services are not needed, are certified. (See p. 10.)

--Increased monitoring of the WIN management information system in Washington to insure that the system provides prompt and accurate data for all WIN projects; clarified definitions for certain terms used in the system to improve accuracy and consistency of reported program statistics; and that data be reported by the States, in accordance with these definitions. (See p. 26.)

GAO recommends that the Secre-

tary of Labor require revision of the on-the-job training and public service employment performance standards in order that the Department will have a more objective-oriented basis for evaluating the States' performances. (See p. 21.)

AGENCY ACTIONS

Labor and HEW advised GAO that action was being taken or planned on these recommendations. (See apps. IV and V.)

CHAPTER 1

INTRODUCTION

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

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

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

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

- persons under age 16 or attending school full time;
- persons too ill, too old, or otherwise incapacitated;
- a mother or other relative needed at home to care for a child under 6;

- persons needed at home to care for ill or incapacitated family members;
- persons so remote from a work incentive project that effective participation is precluded; and
- mothers in families where the father or other adult male relative in the home has registered.

Exempt recipients may register voluntarily for WIN participation.

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

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

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

The Federal expenditures for WIN activities in Washington and the total for Alaska, Idaho, Oregon, and Washington, which comprise Labor's region X, are shown below.

	Expenditures					
	FY 1972			FY 1973		
	Labor	HEW	Total	Labor	HEW	Total
	(000 omitted)					
Washington	\$ 8,950	\$ 523	\$ 9,473	\$ 4,896	\$ 1,753	\$ 6,649
Region X	\$13,670	1,626	15,296	11,603	5,184	16,787

The WIN program established in Washington for fiscal year 1973 operated as a statewide project with the State Department of Employment Security (ES) as the prime WIN sponsor. Eight local ES offices throughout the State operated the WIN program.

Both the financial services section and the social services section of the State Department of Social and Health Services (SHS) are involved

with the WIN program in Washington. Every individual applying for AFDC is screened and registered for WIN unless he or she meets the exemption criteria. SAUs were established at 13 local SHS offices in Washington to carry out the WIN supportive service functions.

SCOPE OF REVIEW

We reviewed the administration and implementation of the revised WIN program at local offices in Seattle and Tacoma. Two ES offices and seven SAUs, which operated the WIN program in Seattle and Tacoma, accounted for over 9,500 registrants, or about 36 percent of the total WIN registrants in the State for fiscal year 1973. This report discusses the operations and activities of the Seattle and Tacoma WIN ES offices and SAUs from July 1, 1972, the effective date of the new legislation, through June 30, 1973, except in certain instances when it was necessary to limit our review.

We visited welfare and ES offices in the Seattle and Tacoma areas; State welfare and manpower offices in Olympia, Washington; and the regional offices of Labor and HEW. We reviewed WIN records and files and interviewed WIN supervisors at local welfare and manpower offices. We reviewed congressional legislation as well as Labor, HEW, and State regulations, policies, and practices for implementing the revised WIN program. We also corresponded with a number of employers in the Seattle and Tacoma areas about the tax credit provision of the 1971 Revenue Act.

CHAPTER 2

PROBLEMS IN SELECTION PROCESS

During fiscal year 1973, the four States in Labor's region X reported that they had exceeded the goals set by Labor and HEW for registrations, appraisals, and certifications of AFDC recipients for the WIN program. (See appendix III.) In Washington, 7,101 of 26,449 WIN registrants became program participants, compared to a goal of 6,363 participants. Enrollees carried over from WIN I accounted for 46 percent of the WIN II participants.

Because Washington's reported program statistics also showed that 13,931 WIN registrants were appraised but did not become program participants, we examined the selection process to determine why many registrants had not been selected for participation and whether selection procedures needed improvement.

HOW THE WIN PROCESS IS DESIGNED TO WORK

The local welfare agency immediately screens new applicants for AFDC benefits to determine if they (1) are exempt from WIN, (2) are exempt, but wish to register as a volunteer, or (3) must register. ^{1/} Persons already on AFDC rolls are screened during periodic eligibility reviews of AFDC cases.

Some WIN registrants may not be able to benefit immediately from WIN's job placement services for such reasons as they (1) are working and receiving supplemental welfare assistance, (2) have a temporary illness, or (3) are enrolled in school or training. As a first step in deciding who might benefit, the local manpower agency selects individuals for appraisal from among those the welfare agency registers.

Local manpower agency staffs, along with the local welfare agency's SAU staffs, then appraise registrants as to their employability in accordance with priorities set forth in the 1971 amendments. For those deemed most employable and for whom placement opportunities are available, manpower agencies ask SAUs to certify that any supportive services needed for registrants to participate in WIN--such as medical or child care--have been provided or arranged and that the individuals are ready to enter training or employment. Those certified become participants and report to the local manpower agency for orientation and placement in training or employment. Registrants not selected for participation are returned to the registrant pool.

^{1/} Welfare agencies under contract with Labor normally handle registration.

When a participant obtains a job, the first 90 days of unsubsidized employment ^{1/} constitute the "job entry" period during which the individual remains a WIN participant. During this period, supportive services are provided as required. Participants who have completed the job entry period are dropped from WIN (deregistered) if their earnings are sufficient to remove them from the welfare rolls. If earnings are insufficient, these participants are recycled to the registrant pool, in a nonparticipant status, where they remain unless they get off welfare or lose their jobs and are again selected to become program participants.

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

HOW THE PROCESS WORKED IN SEATTLE AND TACOMA

During fiscal year 1973, the Seattle and Tacoma WIN projects reported that 9,511 AFDC recipients had registered for WIN. Of these, 2,460 registrants (26 percent) were selected for participation in WIN. Labor and HEW had established goals of 2,902 for fiscal year 1973. During February 1973, 77 registrants were selected for participation in WIN; 470 registrants were rejected.

Further details on the fiscal year goals and reported progress of the Seattle and Tacoma WIN projects are shown in appendix I. Appendixes II and III show the same data for Washington and for region X, respectively.

Selection for appraisal

Labor regulations provide that the manpower agency call in registrants for appraisal interviews on the basis of their employability potential, as determined from information provided on WIN registration forms. However, because the forms contain no information on individuals' work and training histories, they are of little value in identifying the most employable registrants.

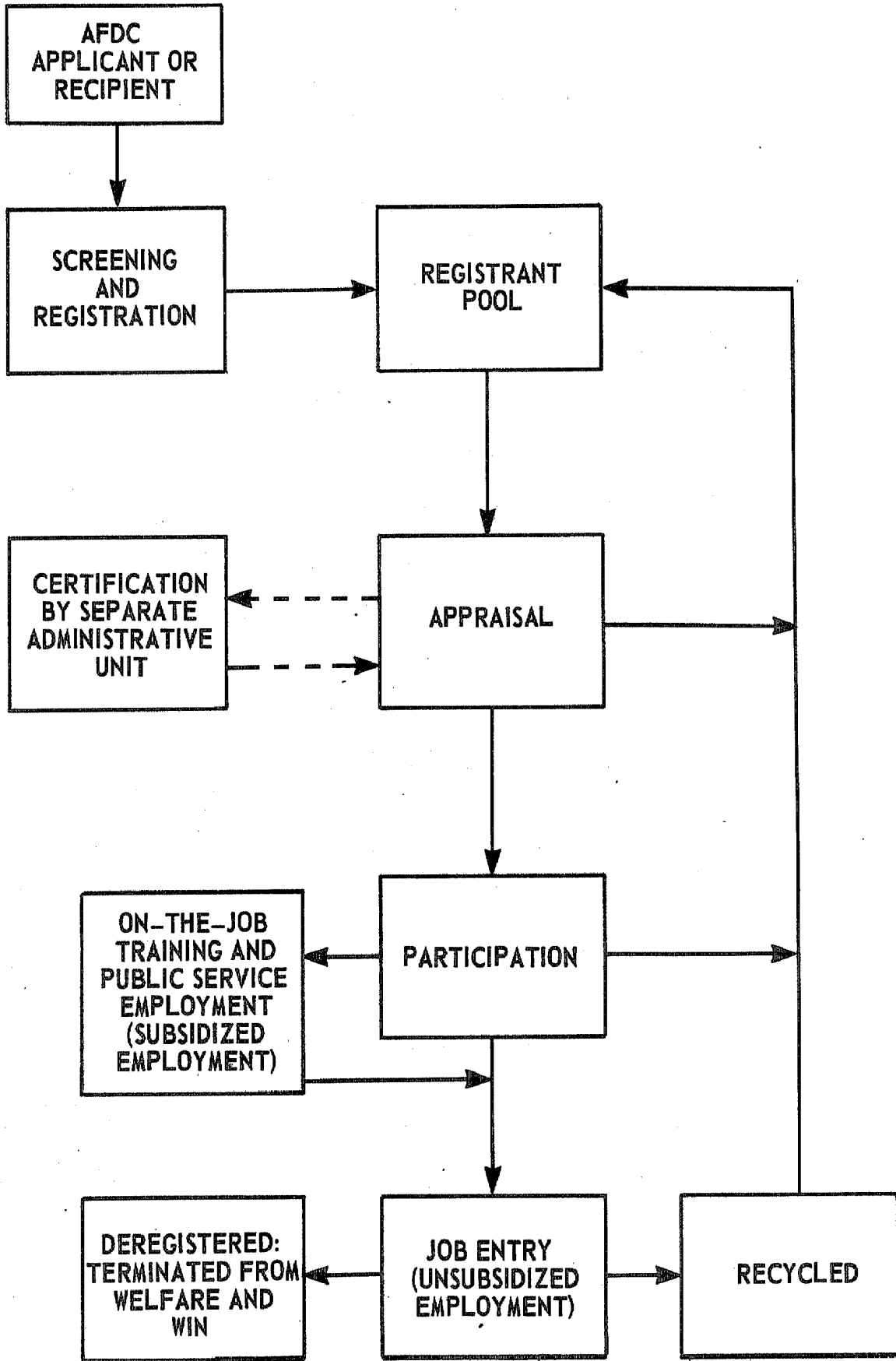
To assist WIN in identifying job-ready registrants, ES and SHS felt it necessary to establish another step to supplement information on the forms--preappraisal--which required a separate form and took additional time and effort. Preappraisal involved having SAUs at the time of registration, during home visits, or by telephone, perform social service assessments and work and training evaluations of WIN registrants before their selection for appraisal interviews. SAUs recorded the information and sent it to local WIN offices.

^{1/} Employment in which the employer pays all employee wages and other costs in contrast to subsidized employment, such as OJT and PSE, in which all or a part of the wages or costs are WIN funded.

WIN CLIENT FLOW

WELFARE AGENCY

MANPOWER AGENCY



Washington WIN registrants were selected for appraisal interviews only if they were considered likely to move rapidly into employment. WIN staff members decided which registrants were members of this "most employable" group on the basis of SAU reviews of pre-appraisals. The review was referred to as "paper appraisal". Registrants that WIN staff members deemed most employable on the basis of paper appraisals were called in for appraisal interviews. Registrants rejected from consideration for appraisal interviews were returned to the registrant pool in a nonparticipant status.

WIN officials in Tacoma and Seattle said they rejected about 80 and 50 percent, respectively, of the WIN registrants on the basis of paper appraisals. The remaining registrants were called in for appraisal interviews.

Appraisal

WIN staff members who have the SAU's preappraisal information generally conducted appraisal interviews. SAU staff members, therefore, did provide some input to the appraisal process. During appraisal interviews, the Seattle and Tacoma WIN staffs attempted to determine which registrants were eligible for, and could benefit most from, participation in WIN.

During February 1973 the WIN staffs rejected 470 registrants for program participation. We were unable to determine how many of these 470 registrants were rejected as a result of paper appraisals or how many were rejected as a result of appraisal interviews, since WIN staffs did not always maintain records distinguishing the means by which registrants were rejected. The reasons WIN staffs gave for rejecting WIN registrants for program participation are shown below.

<u>Reason for rejection</u>	<u>Number rejected during February 1973</u>		
	<u>Seattle</u>	<u>Tacoma</u>	<u>Total</u>
No appropriate resources	92	88	180
Health problems	50	19	69
Off public assistance	19	36	55
In school or training	28	7	35
Already employed	20	13	33
Needed to care for family	22	0	22
Did not arrive for appraisal	19	0	19
No available transportation	4	9	13
Moved	3	8	11
Other	28	5	33
	<u>285</u>	<u>185</u>	<u>470</u>

To further examine the reasons for not selecting registrants for participation, we reviewed case files for 146 of the 470 registrants

rejected, concentrating on the more predominant reasons shown above. The reasons the WIN staffs cited were generally supported by other information in the individual case files, except in cases where "no appropriate resources" was cited as the reason for rejection.

WIN operational personnel said "no appropriate resources" was a category used to cover situations such as those where desired or required training was not available or where there was no demand for the registrant's skill. Of the 53 case files examined in this category, 13 were for registrants under age 30 who possessed a high school diploma, had previous work experience, and had no documented employment barriers.

State WIN officials generally agreed that the 13 registrants were employable and that WIN could have helped them obtain employment. The officials said local offices made errors in the selection process because no guidelines or criteria were available to assist in identifying the most employable registrants.

In examining other registrants' case files in Tacoma, we found that 30 registrants who had previously been appraised and rejected for "no appropriate resources" obtained jobs on their own initiative between October 1972 and April 1973. Although these cases and those involving "no appropriate resources" presented above may not be significant in terms of the many individuals who registered for WIN, they do indicate a problem area which WIN officials should look into.

Our analysis indicated that the WIN process might be improved by shortening the time to process an individual from his registration to the time of his appraisal interview. Case files for 73 of the 77 registrants who became participants in Seattle and Tacoma during February 1973 showed that it took an average of 2-1/2 months to process an individual from registration to the appraisal interview. Labor and HEW officials said that they were considering changes in program procedures which should expedite the processing of WIN registrants.

Certification

The WIN amendments envision that the certification process would consist of (1) a realistic evaluation by WIN and SAU staffs of a registrant's need for supportive services, (2) a request by the manpower agency that the SAU provide or arrange for needed services for the registrant and (3) a referral of such registrants by the SAU to the manpower agency, certifying that the registrants are, from a supportive service standpoint, ready to participate in the employment or training aspects of WIN.

According to the WIN amendments, the Federal share of a State's assistance payments is to be reduced, for any fiscal year after June 30, 1973, by 1 percentage point for each point by which the number of

individuals certified is less than 15 percent of the average number of individuals in the State required to register. For example, if a State has 10,000 mandatory registrants and receives \$10 million a year in Federal assistance payments, it must certify 1,500 registrants. If it certifies only 1,000 registrants, its Federal funding would be reduced by 5 percent or \$500,000. This provision was designed to insure that States actually provide the supportive services necessary to permit participation in WIN.

The 1971 WIN amendments specified that certifications of unemployed fathers be completed within 30 days after receiving AFDC benefits. This provision was designed to insure that States would promptly provide needed services to fathers to enable them to participate in WIN and to be exposed to the job market as quickly as possible.

Washington used a procedure in which all unemployed fathers were certified at the time they registered for WIN. However, this certification procedure, which occurred before appraisal, was only a paper process which did not involve realistically evaluating an individual's needs or providing or arranging for any needed supportive services. Under State procedures, the SAU staff member merely signed the registration form certifying that services were available and that the registrant was ready for employment or training.

CONCLUSIONS

Although the WIN projects had some success in attaining program goals for fiscal year 1973, there is still room for improvement in the selection process. First, although the information SAU staffs obtained on the work and training experience and supportive service needs of WIN registrants during preappraisal processing is necessary, this same information should be obtained at registration. This could be done by having SAU or ES staff available at the registration point.

Second, the entire appraisal time, from registration through the appraisal interview, should be shortened. One reason for delays in conducting the appraisal interviews may have been the large number of registrants who became eligible for WIN in a relatively short time. But, if registrants are not processed promptly, they might not be quickly exposed to the job market which seems particularly important for people whose only income may be public assistance.

Third, some registrants were rejected from program participation even though they appeared to be employable. Since the cases we found seemed to be obvious, we do not believe that guidelines are needed to determine who is most employable. Rather, more careful appraisal and processing at the local level would correct this situation.

Finally, paper certifying all unemployed fathers at registration results in certifications which are unrealistic and are not in accordance with certification as envisioned in the 1971 amendments; they therefore

should be discontinued. Under Washington procedures paper certifications could be used for insuring fulfillment of the 1971 amendments requirement that 15 percent of the average number of individuals who are required to register each year be certified. Only those registrants selected for program participation should be certified and counted toward the 15 percent requirement.

RECOMMENDATIONS TO THE SECRETARIES OF HEW AND LABOR

We recommend that the Secretaries of HEW and Labor jointly require:

- Washington to shorten the time between registration and appraisal of WIN registrants and improve the appraisal process to better insure that the program helps all employable registrants.
- Washington to obtain information on work and training experience and supportive service needs at registration.
- Washington to terminate paper certifications of unemployed fathers and require that only registrants for whom supportive services have been provided or arranged, or for whom a realistic appraisal has been made that services are not needed, are certified.

AGENCY COMMENTS

In commenting on our recommendations (see app. IV and V), Labor and HEW said that Washington State has taken action to shorten the time between registration and appraisal and to improve the appraisal process. The revised procedures call for joint appraisal of new WIN registrants by ES and SAU staff members either at the time of registration or shortly thereafter. Also, information on registrants' work and training experience is now gathered during the appraisal process. According to HEW, implementation of these revised procedures began in Washington in July 1973. Labor subsequently informed us that the procedures were implemented in December 1973 in Tacoma and in February 1974 in Seattle. We believe that these changes, if properly implemented, should result in a more timely and effective appraisal process for WIN registrants in Washington.

HEW stated that a proposed modification in WIN program design that would place the responsibility for registration exclusively with the WIN manpower agency should substantially comply with our recommendation that information on work and training experience and supportive service needs be obtained at registration.

Labor and HEW advised us that Washington terminated paper certifications of unemployed fathers in February 1974. Certifications of unemployed fathers are now being made after appraisal interviews. HEW stated that Washington's revised procedures requiring face-to-face

appraisal interviews should result in more realistic evaluations of individuals' supportive service needs. HEW also stated that, as part of the monitoring function, action will be taken to insure that certifications are made only in the manner intended.

CHAPTER 3

WIN PLACEMENTS AND IMPACT ON WELFARE PAYMENTS

During fiscal year 1973, the region X States reported that they had exceeded the WIN placement goals that Labor and HEW had set. Washington was successfully meeting placement goals. In Washington, 3,214 participants, or about 45 percent of the total fiscal year 1973 participants, were reported to have obtained a job either on their own or through a WIN referral.

Although Washington's unemployment rate was as much as 50 percent higher than the national average during the year, the number of jobs available in fiscal year 1973 in Seattle and Tacoma was on an upward trend. This apparent improvement in job opportunities and the fact that many participants who got jobs were either previously trained WIN I participants or more readily employable males were probably major factors in the State's ability to meet its placement goals.

We estimated that reduction in AFDC payments, as computed through May 1973, totaled about \$407,000 for 521 participants who obtained jobs during the first 9 months of fiscal year 1973. In 5 cases out of a random sample of 40 cases, the welfare agency did not make proper grant adjustments. This resulted in overpayments of about \$1,400.

PLACING WIN PARTICIPANTS IN UNSUBSIDIZED EMPLOYMENT

Labor and HEW established fiscal year 1973 regional goals, transmitted them to the regional offices in October 1972, and requested regional offices to establish goals for each State in their region. In region X, the placement goals were established by taking into consideration each State's share of the region's AFDC caseload and the amount of funds allocated to each State. A goal of 3,242 placements in unsubsidized employment was established for Washington and incorporated into the WIN contract in November 1972.

At the end of April 1973, Labor and HEW advised region X offices that the region's placement goal had been reduced by 24 percent. As a result, the placement goal for Washington was reduced to 2,465 placements. The revised goals indicate that Labor and HEW anticipated that about 40 percent of the program participants would be placed in jobs. The reasons cited by the national office for revising goals were (1) the inability of other manpower programs to service WIN participants and (2) a reduction in the WIN budget request.

Washington's revised placement goal was surpassed even though its unemployment rate was higher than the national average. In May 1973, for example, the seasonally adjusted unemployment rate in Washington was 7.7 percent, or about 50 percent higher than the national average of 5 percent. The high unemployment rates indicate

that a substantial pool of unemployed workers were competing with WIN participants for jobs. However, the decreasing unemployment rate in Seattle and Tacoma and the increasing number of persons working during fiscal year 1973 in Seattle and Tacoma indicate that the labor market was improving in those areas, as shown below.

Seattle and Everett Area
(King and Snohomish Counties)

	<u>May 1972</u>	<u>April 1973</u>	<u>May 1973</u>
Labor force	623,000	621,900	629,000
Less: unemployed	60,200	44,900	45,500
Employed persons	<u>562,500</u>	<u>577,000</u>	<u>583,500</u>
 Seasonally adjusted unemployment rate	 10.2%	 7.4%	 7.6%

Tacoma Area
(Pierce County)

	<u>May 1972</u>	<u>April 1973</u>	<u>May 1973</u>
Labor force	136,500	135,200	137,100
Less: unemployed	13,600	10,800	11,500
Employed persons	<u>122,900</u>	<u>124,400</u>	<u>125,600</u>
 Seasonally adjusted unemployment rates	 10.1%	 8.5%	 8.5%

The number of placements reported for fiscal year 1973 compared to established goals for Seattle, Tacoma, and the entire State follows.

	<u>Original goal (11-72)</u>	<u>Revised goal (5-73)</u>	<u>Actual</u>	<u>Percent of original goal achieved</u>	<u>Percent of revised goal achieved</u>
Washington	3,242	2,465	3,214	99	130
Seattle	969	737	723	75	98
Tacoma	448	340	455	102	134

The Tacoma office was more successful than the Seattle office in achieving placement goals. This was attributable, in part, to the two offices' different procedures for placing WIN participants.

In Tacoma each WIN manpower specialist was responsible for providing the full line of services needed to place WIN participants, including contacting employers and referring participants to appropriate job openings.

In Seattle, however, the procedures called for ES industrial representatives to identify and develop all job referrals for unemployed individuals, including WIN participants. The WIN team's prime responsibility was to refer WIN participants to appropriate jobs the representatives identified and developed.

A WIN State official, in reporting on the problems Seattle was having in meeting placement goals, suggested that the industrial representatives be assigned to the WIN unit to allow them to concentrate on the WIN program. The Seattle ES office manager directed industrial representatives to make employer contacts exclusively on behalf of WIN for 2 months. He authorized the WIN team to contact employers themselves to develop job referrals for WIN participants.

We reviewed the files of all 600 Seattle and Tacoma participants who were placed in unsubsidized employment between July 1, 1972, and March 31, 1973, to determine (1) the type of participant placed in jobs, (2) the type of job and salary, (3) whether WIN referred the participant or whether he found a job on his own, (4) whether the participant stayed employed, and (5) what effect vocational training or subsidized employment in OJT and PSE had on the placements.

We found that 341 (about 57 percent) of the participants placed in Seattle and Tacoma were WIN I participants--those participants who came into the program before July 1, 1972. Of these participants, 211 had received vocational training under the WIN program. In contrast, those participants placed who entered WIN after July 1, 1972, generally had not received any training under WIN. According to the State WIN coordinator, all vocational training funds were scheduled to be used for WIN I participants who were selected to receive training and no additional funds were authorized for WIN II participants.

Females represented about 60 percent of the WIN I participants who were placed, but they represented only 33 percent of the WIN II participants placed. ES officials in Tacoma and Seattle said fewer females were selected for participation in WIN after July 1, 1972, because many needed vocational training to be employable, but funds for such training were not available.

OJT and PSE components had limited impact on total placements from July 1, 1972, through March 31, 1973. Only 16 percent of the total participants placed had been in either OJT or PSE. (See ch. 4.)

The occupations in which WIN participants were placed covered the full range of labor occupational areas, with the clerical and sales areas accounting for 28 percent of the total placements. The average wage was \$2.93 per hour in Seattle and \$3.15 per hour in Tacoma. In Seattle and Tacoma 46 percent of the placements resulted from WIN referrals, whereas the remaining participants found their own jobs.

The State established a goal that 67 percent of the WIN participants beginning job entry--the first day of unsubsidized employment--should complete the 90-day job entry period. We identified 419 participants who began job entry and who could have completed the 90-day period by April 30, 1973. Of these participants 271 (about 65 percent) successfully completed the job entry period.

At the time of our review, the Seattle and Tacoma offices had completed a 180-day followup of 144 of the 271 participants. The results showed that 76 percent were still employed after 180 days, 10 percent were known to be unemployed, and the remaining 14 percent were not contacted since they were no longer at their last known place of employment.

IMPACT OF WIN ON WELFARE COSTS

We reviewed records for 521 (about 87 percent) of the 600 WIN participants who obtained unsubsidized jobs from July 1, 1972, through March 31, 1973, to determine the impact of their employment on welfare payments. (Records for the other 79 participants who obtained jobs were not available for these computations.) For each of the 521 participants, we determined the impact of their employment on welfare payments from the date they began job entry through May 1973. We estimated that AFDC payments during this period were reduced about \$407,000 for these 521 WIN participants.

Of the 521 participants, 430 had their grants either terminated or adjusted because of their placement in unsubsidized employment. Seventeen of the participants were off public assistance before being placed directly in unsubsidized employment; therefore we did not consider them in computing the amounts saved. As of May 31, 1973, grants for the remaining 74 participants had not been terminated or adjusted because of their employment.

Under HEW regulations, families of employed fathers become ineligible for AFDC payments if the father works 100 hours or more a month. The Social Security Act provides that, in computing the grant for which an employed female heading an AFDC family might be eligible, the first \$30 a month of the mother's gross earnings and one-third of the remainder should be disregarded and that work-related expenses should be considered. The difference compared to the amount established by the State Welfare Agency as the amount needed by a family to obtain basic necessities of life constitutes the adjusted grant, so long as the latter does not exceed the original grant.

To determine the effect these provisions had on welfare savings, we reviewed the status as of May 31, 1973, of the 430 participants whose grants were either terminated or adjusted. As shown below, many males had their grants terminated once employed, whereas many females continued to receive grants after becoming employed, as a result of these provisions.

	<u>Male</u>	<u>Female</u>
Grants terminated due to employment	170	99
Grants reduced due to employment	10	81
Unemployed--on welfare	<u>45</u>	<u>25</u>
Total	<u>225</u>	<u>205</u>

CONCLUSIONS

Although WIN placement goals were revised downward for Washington, the number of reported placements essentially met original goals and welfare savings were realized. The Tacoma office was more successful than the Seattle office in achieving placement goals due, in part, to the different procedures it used to place WIN participants. It appears likely, however, that a large amount of the success in achieving placement goals must be attributed to improvement in the local labor market and to the types of and qualifications of individuals being placed.

Most of the participants who obtained jobs during the 9 months ended March 31, 1973, had entered the program under WIN I. Most of the WIN I participants had received vocational training; such training generally had not been given to WIN II participants because of the lack of funds. Females represented almost two-thirds of WIN I participants who obtained jobs but represented only one-third of WIN II participants who obtained jobs. Over half of those who obtained jobs found employment on their own rather than through referrals from the WIN offices. Finally, many of those who obtained jobs apparently stayed employed.

We did not evaluate the impact of institutional training on the employability of WIN I participants, but it appears to have been helpful in Washington. It seems likely that one reason Washington was able to meet its goals was because many of those placed since July 1, 1972, were vocationally trained WIN I participants. A longer period of program performance, without as large an influence of WIN I participants, should be evaluated, however, before reaching any conclusions on the impact on program results that the change in program emphasis from training to job placement will have.

CHAPTER 4

LIMITED SUCCESS OF OJT AND PSE

OJT and PSE programs in Washington have had limited success when measured in terms of participants completing their contract periods and being hired in unsubsidized employment. Labor performance standards for these components appear to need revision.

Labor guidelines state that a WIN participant be placed in OJT or PSE when employment in the regular economy is not available because of a temporarily tight job market in a job-ready participant's occupational area or when it is likely that permanent unsubsidized employment can be obtained through placement in subsidized employment. Employers who hire WIN participants in OJT and PSE positions enter a contractual relationship with the WIN manpower agency and receive varying types of subsidies. These employers are required to make a commitment to hire the WIN participant (unsubsidized employment) and to retain the employee after successful completion of OJT or, in the case of PSE, within 6 to 12 months of entry into PSE.

The Labor-WIN contract with Washington provided that:

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

This provision was included in the contract to implement the intent of the 1971 amendments to emphasize employment-based training.

To monitor compliance with this requirement, region X officials developed a WIN performance report in which each State within the region reported monthly on program activities, including monthly and cumulative expenditures on OJT and PSE components. The reports of June 30, 1973, received from States in region X showed the following:

OJT and PSE Reported Expenditures Fiscal Year 1973 Funds

	<u>Total</u>	<u>Total</u> <u>OJT and PSE</u>	<u>Percent</u>
Alaska	\$ 421, 000	\$ 203, 000	48
Idaho	362, 000	158, 000	44
Oregon	2, 749, 000	1, 117, 000	41
Washington	3, 398, 000	1, 336, 000	39

OJT

Because of the one-third requirement, the State emphasized placing WIN participants in OJT positions during the first several months of fiscal year 1973. During the year 785 participants were placed in WIN's OJT component, of which 358 (about 46 percent) were placed during the first 4 months.

OJT performance standards

The State ES established an OJT performance standard which required that 60 percent of those participants entering OJT complete their contract and begin job entry (unsubsidized employment). Labor's OJT performance standard was different. Although Labor's standard required that 65 percent of those participants leaving OJT were to begin job entry, it excluded from the calculation all participants who left OJT and were unemployed but went to another WIN component. Labor's performance standard, therefore, did not consider whether the participant was successful in completing the OJT contract period. For example, if 10 participants left OJT-- 3 to begin job entry, 6 to enter another WIN component, and 1 to return to the registrant pool--the success rate would be 3 out of 4, or 75 percent.

Washington reported an 83.5-percent success rate for fiscal year 1973 under the Labor performance standard, even though under the State standard only 43 percent of those leaving OJT during the year went directly into job entry. Both of these calculations included participants who did not actually complete the OJT contract period but who left prematurely and went directly into unsubsidized employment.

The normal procedure in Seattle and Tacoma was to put the WIN participant into another WIN component upon unsuccessful termination of the OJT contract. This procedure may have helped these participants obtain jobs despite their unsuccessful terminations from OJT. However, the Labor standard did not adequately measure the effectiveness of the OJT component in placing WIN participants in unsubsidized employment.

OJT placements

The Seattle and Tacoma ES offices placed 184 participants in OJT from July 1, 1972, through March 31, 1973. We reviewed the records for all 184 to determine the success of these two offices in placing OJT participants in unsubsidized employment. As shown in the following table, both offices had limited success in terms of the number who were placed in OJT versus the number who completed the contract and were hired in unsubsidized employment.

	WIN OJT activity		
	<u>Tacoma</u>	<u>Seattle</u>	<u>Total</u>
WIN participants placed in OJT (7-1-72 to 3-31-73)	54	130	184
Participants still in OJT as of 5-1-73	<u>19</u>	<u>50</u>	<u>69</u>
Participants who left OJT as of 5-1-73	35	80	115
Participants who did not complete OJT contract period	29	44	73
Participants who completed OJT con- tract period	6	36	42
Participants who completed OJT con- tract period and began job entry	4	35	39
Percentage of participants who com- pleted OJT and began job entry re- lating to those who left OJT as of 5-1-73	11.4%	43.8%	33.9%

An analysis of the 73 participants who did not complete the OJT contract period showed that 33 eventually began job entry. We could not determine what impact, if any, the time spent in OJT had in improving their employability. The reasons why the 73 participants did not complete the OJT contract period are shown below.

	<u>Seattle</u>	<u>Tacoma</u>	<u>Total</u>
<u>Quit:</u>			
For another job	3	6	9
Job was different from what they expected	4	3	7
Personal reasons	4	1	5
Could not handle job	2	2	4
Illness	3	-	3
Unknown	-	2	2
Subtotal	<u>16</u>	<u>14</u>	<u>30</u>
<u>Fired:</u>			
Not suitable	6	5	11
Absenteeism	7	1	8
Other	3	-	3
Subtotal	<u>16</u>	<u>6</u>	<u>22</u>
<u>Laid off:</u>			
Lack of work	11	7	18
Out of business	1	2	3
Subtotal	<u>12</u>	<u>9</u>	<u>21</u>
Total	<u>44</u>	<u>29</u>	<u>73</u>

PSE

The 1971 amendments which became effective July 1, 1972, replaced special work projects funded through welfare grants with PSE funded directly with WIN funds. Under the amendments, Labor may provide for payments not exceeding 100 percent of the cost for providing employment to WIN participants during the first year of employment, 75 percent during the second year, and 50 percent during the third year.

Labor guidelines, however, generally limit WIN payments for PSE to the first year. In addition, the guidelines provide that there be 3 man-years of OJT for every man-year of PSE. According to Labor, this was done because the relatively high cost of PSE would severely limit the number of persons who could participate in WIN, and Labor experience gave little reason to assume that extended periods of subsidization would lead to better employment opportunities for significantly larger numbers of participants.

In March 1972 Washington entered a 1-year grant agreement with Labor which provided a program for placing enrollees in the WIN program in special work projects. These subsidized jobs were jointly funded under the Emergency Employment Act (42 U.S.C. 4871) and the WIN program. The Emergency Employment Act funds were used to pay 50 percent of the wages and all costs of employee fringe benefits and WIN would pay the balance of wages.

As of June 30, 1972, Washington had 441 participants in special work projects who were subsequently transferred to PSE. From a WIN standpoint this meant that wages previously funded through welfare grants now came directly from PSE funds. The State WIN coordinator stated that during fiscal year 1973 Washington placed an additional 58 WIN participants in PSE positions in which 100 percent of the cost during the first year was to be paid from WIN funds.

PSE performance standards

ES established a performance standard that at least 50 percent of the participants who entered PSE should begin job entry. This standard also applied to the PSE positions jointly financed with WIN and Emergency Employment Act funds. The Labor performance standard, however, provided for a 65-percent success rate for PSE and was calculated in a manner similar to that used to calculate Labor's OJT performance standard. (See p. 18.) Labor's PSE performance standard was calculated on the basis of a comparison of the total number who left PSE, less those who left PSE to enter another WIN component, to the number of participants who began job entry from PSE.

Washington, following Labor's standard, reported that 98 (or 72 percent) of 136 participants who left PSE during fiscal year 1973 obtained unsubsidized employment. As was the case with the OJT performance standard, Labor's standard did not adequately measure the effectiveness of the PSE component in placing WIN participants

in unsubsidized employment. Labor's standard did not indicate program success in terms of the number of participants who were placed in PSE versus the number who completed it and were hired in unsubsidized employment.

PSE placements in Seattle and Tacoma

The Seattle and Tacoma offices had 97 participants in PSE positions from July 1, 1972, through March 31, 1973. All these positions were jointly funded with WIN and Emergency Employment Act funds.

Of the 97 participants, 16 completed the PSE contract and were hired by the employer. An additional nine participants left their PSE positions to take jobs with another employer. When WIN discontinued funding in March 1973, 46 participants were in these jointly funded positions; however, they were able to continue in their jobs under Emergency Employment Act funding. The remaining 26 left their PSE positions before completing the contract due to reasons such as health problems, moving from the area, or entry into a training program.

CONCLUSIONS

All region X States reported that they were spending funds for OJT and PSE above the one-third level required by the 1971 amendments. Considerable attention, however, should be given to improving performance in completing OJT and PSE contracts and to placing participants who complete these contracts in unsubsidized employment. One way in which Labor can improve the management of these components would be to improve the performance standards to better measure and evaluate the effectiveness of State OJT and PSE activities. Specifically, the performance standards being used by Washington seem to be much more meaningful standards than the ones advocated by Labor.

RECOMMENDATION TO THE SECRETARY OF LABOR

We recommend that the Secretary of Labor require that the OJT and PSE performance standards be revised so that the Department will have a more objective oriented basis for evaluating the performance of States in these areas. Recognizing that participants may benefit from partial exposure to the job market, it would be more appropriate that the revised standard measure program performance on the basis of the number of participants who enter OJT and PSE compared to the number who enter directly into unsubsidized employment.

AGENCY COMMENTS

Labor agreed that a revised method for determining OJT and PSE performance standards would be beneficial. As a result, efforts have begun at the national level to revise these standards.

CHAPTER 5

IMPACT OF TAX CREDIT

The tax credit, as an incentive for employers to hire WIN participants, has been promoted in Washington with some success. However, it is doubtful whether the tax credit will have a significant impact on providing employment for WIN participants.

Section VI of the Revenue Act of 1971 provides that, effective January 1, 1972, for tax years beginning on or after that date, employers of WIN participants are entitled to a tax credit equal to 20 percent of wages and salaries paid to participants during the first 12 months of employment. To be eligible for a tax credit, the employer must employ the participant for 12 months (not necessarily consecutive) within a 24-month period from the original time of hiring, plus the following 12 months after completing the initial employment period.

The maximum credit allowable during a tax year is \$25,000, plus 50 percent of an employer's tax liability in excess of \$25,000. Credits earned in excess of the maximum can be carried back up to 3 years, but not before 1972, and carried forward 7 years. To qualify, an employer interested in claiming the tax credit must file a declaration of eligibility form for each registrant with the WIN office. The employer must state--and the WIN office must certify--that the employee was hired under the WIN program; that the employee did not displace another individual from employment; and that the employment meets and will continue to meet Federal, State, and local laws governing employee hours, wages, and benefits.

PROMOTIONAL EFFORTS

The tax credit was to be used extensively as part of the job development strategy for WIN and was offered as an inducement to employers to expand employment opportunities for WIN participants. The ES office provided local offices with promotional and instructional pamphlets concerning the WIN tax credit. Local offices were then responsible for determining what information would be distributed and to whom.

Job developers made the initial ES promotional efforts. In their daily contacts with employers, they provided employers with brochures describing the WIN tax credit. The local offices used letters to employers and tax consultants and monthly bulletins to employers to promote the tax credit. Local newspapers also publicized the tax credit. In January 1973, for example, the Tacoma ES office sent letters to 100 tax consultants in the area describing the WIN program. The Tacoma ES also issued a monthly bulletin, which contained articles on the WIN program and the tax credit, to 800 area employers. The Seattle ES issued a letter describing the WIN tax credit to about 1,300 major area employers.

Forms used for tax credit certification were not sent out to employers in Washington until January 1973. At that time the Seattle ES identified

all WIN participants who became employed in OJT or unsubsidized employment in 1972 and those who had been placed in 1971 and still might be employed in 1972. The eligibility declaration forms and a letter explaining the tax credit were then sent to each employer for each WIN participant whom he had hired. The Tacoma ES office followed similar procedures. Under current procedures, eligibility declaration forms and letters are provided to employers as soon as the ES learns of a participant's employment.

As of June 30, 1973, the States in region X had issued 1,535 certifications and Washington had issued 953 certifications to employers of WIN participants establishing their eligibility for the tax credit. As of the same date, the Seattle and Tacoma ES offices had sent out 1,258 WIN eligibility declaration forms to employers of WIN participants. The number of forms returned by employers and certified by these two offices was 608, or about 48 percent of the total sent.

EMPLOYER AWARENESS OF AND REACTION TO THE TAX CREDIT

We submitted questionnaires to employers in the Seattle and Tacoma area to determine whether they were aware of the tax credit and whether the tax credit was or would be an incentive to hire a WIN participant. We sent these questionnaires to a group, randomly selected from a list of employers provided by the ES, of 50 employers who had hired WIN participants and 50 employers who had not. Completed questionnaires were received from 57 of the 100 employers--25 who had hired a WIN participant and 32 who had not.

About 70 percent of the employers responding to our questionnaire reported that they were aware that a tax credit was available to employers who hire WIN participants. Eighteen (or 72 percent) of the 25 employers responding who had hired WIN participants reported that the tax credit did not influence their decision to hire WIN participants; however, 8 of the 18 had returned the eligibility declaration form to the ES and had been certified as eligible for the tax credit.

Of the 32 employers responding who had not hired WIN participants, all but 6 reported that they would consider hiring a WIN participant. In contrast to those who had hired a WIN participant, 18 of these employers reported that the tax credit would serve as an incentive to hire the WIN participant.

CONCLUSIONS

The Seattle and Tacoma ES offices have made substantial efforts to promote the tax credit. There is some doubt as to whether the tax credit will have a significant impact on providing employment for WIN participants. More experience with the tax credit is needed to assess its full impact.

CHAPTER 6

IMPROVEMENTS NEEDED IN REPORTING WIN ACTIVITIES

Washington welfare and manpower agencies did not meet the Federal reporting requirements for the WIN II program because of delays in implementing the management information system designed to accumulate data on WIN activities.

The first report by the welfare agency on WIN activities was not issued until April 1973 and was of limited use to management since it included statistics only for selected WIN activities for March 1973. Generally, the statistics for previous months in the fiscal year were estimated figures only. The State manpower agency did not issue complete reports on WIN activities until March 1973. When the reports were issued, they contained statistics on appraisal interviews, certifications, and placements which did not reflect an accurate account of these WIN activities.

FEDERAL REPORTING REQUIREMENTS

The WIN management information system, jointly developed by Labor and HEW, was designed to serve as a management tool and as a basic source of information for reports provided to the Congress. A manual describing the joint Labor and HEW reporting requirements for the WIN II program was not issued until September 1972. The manual requires three monthly reports on WIN activities--one from the State welfare agencies and two from the State manpower agencies.

The monthly report from welfare agencies was to include data, obtained from both the SAU and the income maintenance unit, on WIN activities such as registration, exemptions from WIN, certifications, supportive services provided, and assistance payment savings. One of the two monthly reports required from the manpower agencies was designed to provide Labor with information concerning the overall effectiveness of the program and the other report was designed to obtain information on participant characteristics.

The Labor and HEW information system manual described in detail the WIN reporting system and the support forms needed to accumulate the data necessary to meet Federal reporting requirements. The system as initially designed was to be a manual operation.

REPORTING WIN ACTIVITY IN WASHINGTON

The State welfare and manpower agencies established a management information system for WIN using State developed forms rather than those designed by Labor and HEW. Washington's information system provides for the local offices to complete the support forms and submit copies to the respective State offices where they are manually tabulated and recorded for reporting to Labor and HEW.

Welfare activity

The development of support forms by the State welfare agency appears to have contributed to the issuance of reports to HEW which were incomplete and late. The Labor and HEW information system manual identified 11 support forms for use by welfare agencies in accumulating data on AFDC recipients' status with WIN (i. e., registered, exempt, or refused to register); referrals to vocational rehabilitation, certification, and supportive service activities; AFDC payment reductions; and persons who refused to participate. The State welfare agency developed two support forms to be used by local offices to accumulate part of the data needed to complete the monthly report. The support forms, as first developed late in 1972, contained no provision for accumulating data on AFDC payment reductions or referrals to vocational rehabilitation.

The State welfare agency issued its first WIN monthly report to HEW on April 19, 1973, for the month of March 1973, and, as of June 30, 1973, had issued reports for April and May. The data required but not provided on the reports for these 3 months included

- number of families and children receiving the various types of child care,
- AFDC payment reductions (not included until May report), and
- referrals to vocational rehabilitation (not included until April report).

In addition, the fiscal year-to-date statistics on WIN activities were generally reported as estimates since the necessary support forms had not been completed for previous months.

Manpower activity

The State ES did not issue complete WIN monthly program activity summary reports to Labor until March 1973 because of unsuccessful attempts to computerize the system for reporting WIN activities. The March 1973 reports and following summary reports were provided to Labor on time because ES went to a manual system of hand counting all necessary support documents received from local offices.

The WIN monthly program activity summary contained statistics on appraisal interviews, certifications, and placements which did not reflect an accurate account of these activities. The statistics reported for appraisal interviews included the number of individuals interviewed by the ES staff--as required by joint Labor and HEW instructions--as well as those paper appraised by ES. As discussed on page 7, most WIN registrants were rejected from WIN participation without being interviewed by ES. Therefore only a small percentage of appraisal interviews reported by ES were actually interviews between ES and WIN registrants.

Federal requirements for the Labor monthly program activity report provide for reporting the number of WIN registrants for whom ES requested certifications as well as those completed and returned by SAU. The certification statistics for Washington include about 10,000 unemployed male registrants--more than half of all registrants reported to be certified--who were never selected for participation. These registrants were included in the statistics since, as discussed on page 9, SAU paper certifies all unemployed fathers upon registering for WIN.

We tested the accuracy of the State WIN placement statistics by comparing the statistics reported for Seattle and Tacoma with total placements we identified from a review of available support documents. For July 1, 1972, through March 31, 1973, we identified 664 placements in unsubsidized employment whereas the State had reported only 608 placements for the same period.

The difference in placement activities was due primarily to the method the State used to report WIN activities. In compiling monthly statistics, the State ES determines the number of placements by counting all support documents received from local offices during the month, whereas Labor instructions require that placements be counted in the month in which the placement actually occurred. ES uses this procedure in reporting all WIN activities. An ES official said the procedure was used because the necessary report forms were not always available to complete monthly reports on time and because it eliminated the need to adjust prior months' reports when a reportable activity was discovered several months after it occurred.

CONCLUSIONS

The data reported to Labor and HEW on WIN activities in Washington has been of limited use in managing the program in fiscal year 1973, because of the delays in reporting the data, the issuance of incomplete reports, and the issuance of reports which did not accurately reflect program operations. Action is needed to clarify definitions of reporting requirements pertaining to appraisals and certifications.

Labor and HEW should devote additional effort to insure that welfare and manpower data accumulated on each WIN project is reasonably complete, accurate, and consistent, and reported on time (1) to provide management with the base for evaluating program effectiveness on an individual project basis and on a nationwide basis and (2) to provide an accurate basis for reporting program results to the Congress.

RECOMMENDATIONS TO THE SECRETARIES OF HEW AND LABOR

We recommend that the Secretaries of HEW and Labor require (1) improved monitoring of the WIN management information system in Washington to insure that the system provides data on a timely and

accurate basis for all WIN projects, (2) clarification of definitions for appraisal and certification in the system in order to improve the accuracy and consistency of reported program statistics, and (3) that the States report data in accordance with these definitions.

AGENCY COMMENTS

Labor and HEW pointed out that monitoring the effectiveness of the WIN management information system is a continuing operation performed by regional office staff. HEW stated that monitoring efforts in Washington have been further increased to insure the accuracy, consistency, and timeliness of reported program statistics. Labor stated that the national office has reviewed the management information system in Washington.

Labor and HEW informed us that Washington has transmitted management information system reports on a timely and accurate basis since March 1973 and clarified certain terms used in the system. HEW stated that regional office staff will monitor the consistency and uniformity of Washington's reporting on the basis of the State's revised definitions of the terms.

In view of the reporting problems found during our review, however, we believe that HEW and Labor should clarify definitions of the terms "appraisal" and "certification" so that all States report this data in an accurate manner.

CHAPTER 7

COORDINATION BETWEEN MANPOWER AND

WELFARE AGENCIES

The WIN amendments strongly emphasized coordination between manpower and welfare agencies at the national, regional, State, and local levels. Coordination mechanisms have been established at all levels, and no serious problems have been identified.

At the regional level, HEW and Labor staff coordinate by acting as members of the Regional Coordinating Committee which reviews and approves State operating plans for WIN. Coordination at the State level is achieved by monthly meetings of a WIN operations committee consisting of the staff from the State welfare agency and the employment security agency. A State official said that the committee has existed since the start of the WIN program in 1968.

The 1971 WIN amendments require that each State welfare agency establish SAUs to arrange for supportive services needed by registrants in order to participate in WIN and to certify to the manpower agency those who are ready for employment or training. Designation of SAUs at the local level in Washington did not occur until 6 months after the WIN amendments became effective.

Despite this delay the provision of services was not materially affected, since most of the functions to be performed by SAUs were performed by welfare caseworkers. In four of the seven welfare offices visited, the social service staff performing the WIN functions had been working exclusively on the WIN program for at least the past 2 years.

FISCAL YEAR 1973 REPORTED PERFORMANCE
VERSUS PROGRAM GOALS FOR
SEATTLE AND TACOMA, WASHINGTON

Major category	Seattle				Tacoma			
	Goal proposed by State (note a)	Labor -HEW established goal (5-73) (note b)	Actual performance including WIN I participants	Percentage of Labor-HEW goal attained	Goal proposed by State (note c)	Labor-HEW established goal (5-73)	Actual performance including WIN I participants	Percentage of Labor-HEW goal attained
Registrants	10,465	6,409	6,299	98.3	4,532	2,773	3,212	115.8
Registrants appraised	9,786	2,303	5,626	244.3	4,532	1,065	3,109	291.9
Registrants certified (note c)	-	-	Not available -	-	-	-	Not available -	-
Program participants	2,981	1,979	1,597	80.7	1,380	923	863	93.5
Participants enrolled in:								
On-the-job training (note c)	-	-	Not available -	-	-	-	Not available -	-
Public service employment (note c)	-	-	Not available -	-	-	-	Not available -	-
WIN institutional training (note d)	-	-	Not available -	-	-	-	Not available -	-
Other manpower programs (note c)	-	-	Not available -	-	-	-	Not available -	-
Participants placed in job entry	969	737	723	98.1	448	340	455	133.8
Successfully completed 90 days in job entry	629	479	276	57.6	291	229	203	88.6
Deregistered (note d)	-	-	187	-	-	-	157	-
Recycled (note d)	-	-	89	-	-	-	48	-

a/Calculated by State from monthly goal plan, which was incorporated into the WIN contract by modification dated November 29, 1972

b/GAO allocation of State goals established by Labor and HEW, based upon same percentage ratio used by State in allocating proposed goals to local offices

c/Goals and actual performances for these categories are available only on a state-wide basis. (See app. II.)

d/Goals were not established for these categories by Labor and HEW.

COMPARISON OF REPORTED PERFORMANCE
IN WASHINGTON WITH GOALS
ESTABLISHED BY THE STATE, LABOR, AND HEW

Major category	Fiscal year 1973			
	Goal proposed by State (note a)	Original Labor-HEW goal (71-72) (note b)	Revised Labor-HEW goal (5-73) (note b)	Actual performance (note c)
Registrants	32,769	20,091	20,091	26,449
Registrants appraised	28,450	11,050	6,696	21,032
Registrants certified	15,619	2,426	2,426	17,460
Program participants	9,550	10,046	6,363	7,101
Participants enrolled in:				
On-the-job training	391	670	568	785
Public service em- ployment	350	160	121	499
WIN institutional training	682	(d)	(d)	1,833
Other manpower pro- grams	600	1,650	427	749
Participants placed in job entry	3,242	3,242	2,465	3,214
Successfully completed 90 days in job entry	2,106	2,106	1,601	1,286
Deregistered	(d)	(d)	(d)	981
Recycled	(d)	(d)	(d)	305

a/ Approved by Labor and HEW and incorporated into WIN contract by modification dated November 29, 1972.

b/ Goals were revised downward due to the inability of other manpower programs to serve WIN participants and a reduction in the WIN budget request. The WIN contract was not modified to reflect these goals.

c/ The data reported on actual performance includes AFDC recipients on board June 30, 1972, who continued to participate in the WIN program in fiscal year 1973.

d/ Not applicable--no goals established.

COMPARISON OF REPORTED PERFORMANCE

IN REGION X WITH GOALS

ESTABLISHED BY LABOR AND HEW

<u>Major category</u>	<u>Fiscal year 1973</u>		
	<u>Original goal 11-72</u>	<u>Revised goal 5-73 (note a)</u>	<u>Actual performance (note b)</u>
Registrants	41,400	41,400	55,291
WIN appraisals	22,770	13,800	36,144
WIN certifications	5,000	5,000	29,720
Program participants	20,700	13,110	17,551
Participants enrolled in:			
On-the-job training	1,380	1,170	2,460
Public service employment	330	250	838
WIN institutional training	(c)	(c)	4,776
Other manpower programs	3,400	880	1,430
Participants placed in job entry	6,680	5,080	8,270
Successfully completed 90 days in job entry and:	4,340	3,300	3,852
Deregistered	(c)	(c)	3,110
Recycled	(c)	(c)	742

a/ Goals were revised downward due to the inability of other manpower programs to serve WIN participants and a reduction in the WIN budget request.

b/ The data reported on actual performance includes AFDC recipients on board June 30, 1972, who continued to participate in the WIN program in fiscal year 1973.

c/ Not applicable--no goals established.

U.S. DEPARTMENT OF LABOR

OFFICE OF THE ASSISTANT SECRETARY

WASHINGTON, D.C. 20210

APR 17 1974

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

Subject : Comments on the GAO Study of the WIN
Program in Washington State

This is in response to your request for comments on the GAO findings during its study of the Seattle/Tacoma WIN projects. Our comments are addressed to the recommendations found on page eight of the draft report.

"--require Washington State to take action to shorten the time frame between registration and appraisal of WIN registrants, and improve the appraisal process."

The State of Washington has redesigned its appraisal process to require a face-to-face interview of those individuals registered for WIN. For the majority of the WIN registrants, this is accomplished in the welfare office at the time of application for AFDC by SAU and ES/WIN staff outstationed at the welfare office. This appraisal process keeps current with all new applications for AFDC. This shortens the time frame between registration and appraisal for the majority to less than 1 week, and appraisal for all new applicants for AFDC is anticipated within 30 days.

"--require that Washington State obtain information on work and training experience and supportive service needs at registration."

Information on work and training experience and supportive service needs is currently being gathered during the appraisal process described above which, in many cases, will coincide with the day of registration. If it is intended that this information be gathered by IMU staff, the State of Washington would disagree, feeling that SAU and ES/WIN staff are better qualified for this task. The national office concurs completely.

"--require Washington State to terminate paper certifications of unemployed fathers and require that only registrants for whom supportive service have been provided or arranged, or for whom a realistic appraisal has been made that services are not needed, are certified."

The region has verified that the process of automatically certifying the unemployed fathers (initiated as an emergency procedure in July of 1972 to meet the legislative requirement that all males be certified in 30 days) was discontinued on February 1, 1974. Initial certifications are now accomplished following a face-to-face appraisal interview.

"--require that the WIN management information system in States such as Washington be monitored to ensure that the system provides data on a timely and accurate basis for all WIN projects; the definitions for certain terms used in the system be clarified in order to improve the accuracy and consistency of reported program statistics; and, data be reported by the State in accordance with these definitions."

Monitoring the State WIN program includes monitoring the effectiveness of its management information system. This is a continuing operation performed by Region X staff, and the

APPENDIX IV

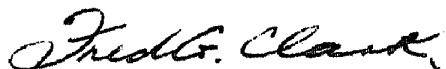
national office feels they monitor with great competence and thoroughness. National office staff has also reviewed the management information system in Washington State.

The WIN Federal reports (MA5-98, WIN Monthly Activity Summary Section B, and MA5-99, WIN Monthly Summary of Participant Characteristics) for the months of July through December 1972, and January 1973, were transmitted February 28, 1973. The February 1973 reports were transmitted March 14, 1973. Since then, they have continued on a timely and accurate basis.

The regional office has reported that the State of Washington is currently utilizing the interpretations for appraisal and certification put forth by GAO subsequent to their visit to the State, and the Federal reports are currently reflecting these interpretations.

"GAO recommends that the Secretary of Labor require that on-the-job training and public service employment performance standards be revised in order that the Department will have a more objective oriented basis for evaluating the performance of States in these areas."

The national office (as well as the Seattle regional office and the Washington State office) agrees that a revised method for arriving at the employment performance standards for OJT and PSE would be beneficial in evaluating performance in these areas. Efforts have begun, at the national level, to incorporate a more objective computation of the OJT and PSE performance standards in the revision being planned now for the management information system.



FRED G. CLARK

Assistant Secretary for
Administration and Management



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20201

MAY 21 1974

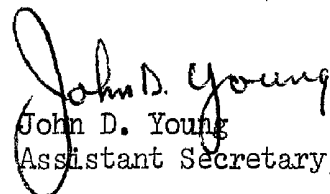
Mr. Gregory J. Ahart
Director
Manpower and Welfare Division
United States General Accounting Office
Washington, D. C. 20548

Dear Mr. Ahart:

The Secretary has asked that I reply to your March 8, 1974 letter, in which you asked for our comments on a draft report entitled, "Assessment of the Work Incentive Program in Washington State."

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

Sincerely yours,


John D. Young
Assistant Secretary, Comptroller

Enclosure

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE ON A DRAFT GAO
REPORT TO THE CONGRESS ENTITLED, "ASSESSMENT OF THE WORK
INCENTIVE PROGRAM IN WASHINGTON STATE"

GAO Recommendation

That the Secretaries of HEW and Labor jointly require Washington State to take action to shorten the timeframe between registration and appraisal of WIN registrants, and improve the appraisal process to better ensure that all employable registrants are helped by the program.

Department Comment

We concur with the intent of the recommendation. In fact, the State of Washington has already implemented corrective action, (approved by the Regional Coordination Committee--composed of "top regional DOL manpower and HEW welfare officials"), that satisfies the intent of the GAO recommendation. Specifically, in July 1973, the State modified their "intake process" for AFDC applicants. The applicant now may register for WIN and have a personal appraisal interview on the same day.

GAO Recommendation

That the Secretaries require that Washington State obtain information on work and training experience and supportive service needs at registration.

Department Comment

We concur with the desirability of the recommendation. It can be effectively implemented, however, only in those locations where welfare and WIN/Manpower staff are collocated. Conversely, in locations where WIN registration is conducted by welfare agency clerical personnel who normally deal only with eligibility determinations for cash assistance, obtaining more detailed and qualitative data is seldom practical. These workers are neither extensively trained nor expected to be able to accomplish tasks normally performed by more technically qualified staff. A proposed modification in WIN program design that places the responsibility for actual registration exclusively with the WIN Manpower Agency should substantially comply with the GAO recommendation.

GAO Recommendation

That the Secretaries require Washington State to terminate paper certifications of unemployed fathers and require that only registrants for whom supportive services have been provided or arranged, or for whom a realistic appraisal has been made that services are not needed, are certified.

Department Comment

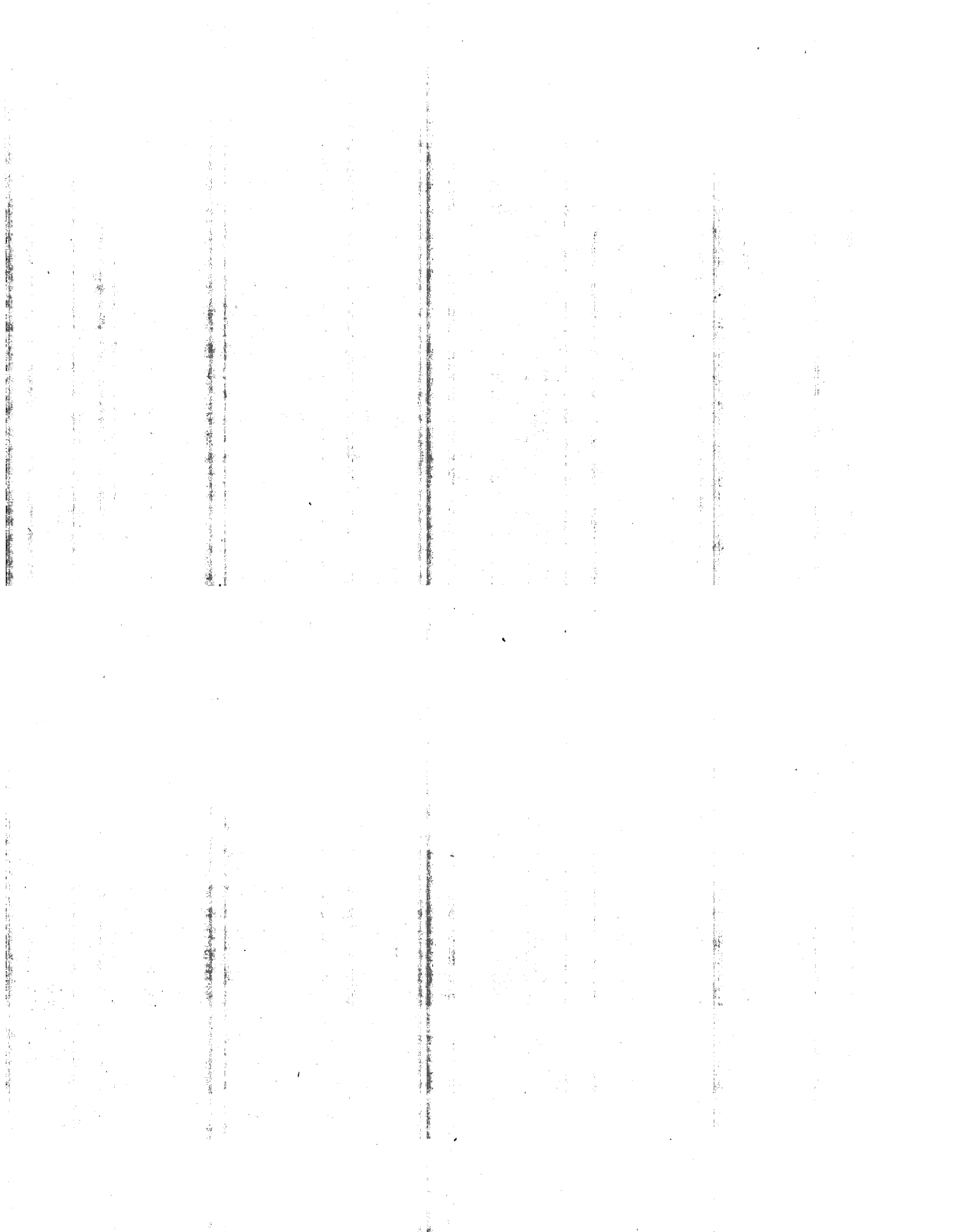
We concur. In February 1974, with the approval of the Regional Coordination Committee, Washington State discontinued "paper certification". With respect to the second part of the recommendation, Washington State's modification of the WIN registration appraisal process requiring "face-to-face" appraisal interview should be a means for providing a more realistic evaluation of the individual's needs and providing or arranging for any needed supportive services. As part of our monitoring function, we will take steps necessary to assure that these certifications are being made only in the manner intended.

GAO Recommendation

That the Secretaries of HEW and Labor require (i) monitoring of the WIN management information system in Washington State to ensure that the system provides data on a timely and accurate basis for all WIN projects and (ii) clarification of definitions for appraisal and certification in the system in order to improve the accuracy and consistency of reported program statistics, and (iii) that data be reported by the States in accordance with these definitions.

Department Comment

We generally concur. The WIN Management Information System is in fact monitored by our regional offices on an ongoing basis. Monitoring efforts in Washington State were further increased to assure the accuracy, consistency, and timeliness of reporting program statistics. As of March 1973, Washington State was current in submitting required Federal reports for the WIN Manpower Agency. With respect to the second part of the recommendation, Washington State has modified its definition of appraisal and certification to conform with the proper and generally accepted definition. Our regional office will monitor the consistency and uniformity of the State's reporting based on the revised definitions.



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