

DOCUMENT RESUME

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RELEASED

Payment Problems in the Summer Youth Employment Program in New York City. B-163922; HRD-77-18. February 2, 1977. Released February 14, 1977. 12 pp. + appendices (7 pp.).

Report to Rep. Frederick W. Richmond; by Gregory J. Ahart, Director, Human Resources Div.

Issue Area: Education, Training, and Employment Programs:
Programs for Specific Target Groups (1108).

Contact: Human Resources Div.

Budget Function: Education, Manpower, and Social Services:
Training and Employment (504).

Organization Concerned: Department of Labor; New York, NY: Dept.
of Employment.

Congressional Relevance: Rep. Frederick W. Richmond.

Authority: Comprehensive Employment and Training Act of 1973, as
amended (29 U.S.C. 801). Emergency Summer Employment Act of
1975 (P.L. 94-36).

The payroll records of 124 enrollees in the 1975 Summer Youth Employment program in New York City who claimed monies were owed them were reviewed. Findings/Conclusions: Some enrollees in the program were not paid at all, some were underpaid, and others were not paid on time. Enrollees were not always paid on schedule for work done because checks were not prepared. Frequently, payment problems were due to deficiencies emanating from agencies responsible for the program, such as no timecards prepared, late timecards, errors on timecards, and improper registrations. Reasons for payment problems included poor payroll preparation; inadequate payroll procedures; and weaknesses in payroll system training, computer records, organizing the city's Youth Services Agency, and distributing checks. Although there were problems citywide, checks were prepared for most enrollees as scheduled. The Department of Labor failed to fully assure that the city properly planned administrative procedures. Although Labor monitored the program, it did not require the city to correct deficiencies as they surfaced. The city administration did not effectively monitor and require correction of the problems as they arose. Specifically, the city's Youth Services Agency did not adequately plan for efficient payment of the youths. (Author/SC)

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RELEASED

2-14-77

*UNITED STATES
GENERAL ACCOUNTING OFFICE*

Payment Problems In The
Summer Youth Employment
Program In New York City

Department of Labor

Some participants in New York City's 1975 Summer Youth Employment program were not paid at all, some were underpaid, and some were not paid on time. This was caused by poor payroll procedures.



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

B-163922

The Honorable Fred Richmond
House of Representatives

Dear Mr. Richmond:

In your December 20, 1975, letter, you requested us to review the expenditures of Federal funds for the 1975 Summer Youth Employment program in New York City. Specifically, you requested (1) a review of alleged underpayments and non-payments to program participants and (2) the causes for any payment problems. As agreed with your office, the payroll records of 124 enrollees in your district, who claimed moneys were due them, were reviewed.

We talked with officials and examined records in the Department of Labor regional office in New York City, the New York City Department of Employment, and several delegate agencies of the program. We also reviewed evaluations of the 1975 program by Labor, the New York City Manpower Planning Council, and a certified public accounting firm. Our independent audit work concentrated on the payment status of the 124 enrollees.

Some enrollees were not paid at all, some were underpaid, and others were not paid on time. Enrollees were not always paid on schedule for work done because checks were not prepared. Frequently, payment problems were due to deficiencies emanating from agencies responsible for the program; for example, no timecards prepared, late timecards, errors on timecards, and improper registrations.

Reasons for payment problems included poor payroll preparation; inadequate payroll procedures; and weaknesses in payroll system training, computer processing, organizing the city's Youth Services Agency, and distributing checks.

There were payment problems citywide; however, as the following table shows, checks were prepared for most enrollees as scheduled.

<u>Pay period number</u>	<u>Pay dates (1975) (note a)</u>	<u>Citywide enrollment</u>	<u>Number of checks prepared</u>	<u>Percent of checks prepared compared to enrollment</u>
1	7/21,7/28	83,706	65,933	79
2	8/4,8/11	82,574	75,099	91
3	8/18,8/25	85,678	78,465	92
4	9/2,9/8	<u>92,092</u>	<u>81,556</u>	<u>89</u>
Total		<u>344,050</u>	<u>301,053</u>	88

a/ Because of the volume, checks were distributed on two dates for each pay period.

As shown below, supplemental payments were made to pay some of the enrollees who were not paid on schedule.

<u>Supplemental payments</u>	<u>Number of checks prepared</u>
8/11/75	961
8/18/75	1,850
9/ 2/75	977
9/ 8/75	2,859
10/ 8/75	9,548
2/16/76	<u>3,979</u>
Total	<u>20,174</u>

Although the two previous tables show how many checks were prepared, no summary records were available at the Youth Services Agency to show how many checks were distributed or claimed. A city official said on July 29, 1976, that 670 of the 3,979 checks of the February 16, 1976, supplemental payment had not yet been picked up.

Between February 16, 1976, and July 16, 1976, the city prepared 947 more checks to settle enrollee claims. It also voided 7,297 unclaimed checks outstanding at January 31, 1976, and never claimed by enrollees, and stopped payment on another 936 checks which were issued but never cashed. The Director of Production Control and Reporting of the Department of Employment said on June 8, 1976, that no further attempt will be made to contact the payees of these voided and uncashed checks. The city, however, will still be liable for valid claims submitted by the enrollees.

On January 7, 1977, the Director of Production Control and Reporting said that the \$148,788 (see app. II) which remains in

the 1975 enrollee wage account is available to pay future valid claims.

The final closeout report of the 1975 program to the Department of Labor was still being prepared as of December 1976. When the bank account is closed, Bankers Trust Company, which maintained the account for the city, will list voided checks returned to the bank. Funds remaining from the 1975 program were carried over to the 1976 program. Claims for payment can be submitted to the city and be paid during the following 2 years from the remaining 1975 funds.

An audit of the 124 enrollees' payment records showed the following:

- Checks for 89 enrollees were not prepared until the February 16, 1976, supplemental payroll (8 had not been claimed as of July 29, 1976, when we completed our fieldwork).
- Checks for four enrollees prepared before February 16, 1976, were never claimed.
- Checks for 17 enrollees had not been prepared as of July 29, 1976, although some evidence was found to support the claims.
- Eight claims were not supported by the payroll records.
- The other six enrollees were paid in full as scheduled during the summer of 1975.

We discussed our findings with the Department of Employment so it could evaluate the claims and make payments where warranted. Data relating to the 124 enrollees was given to your office on August 6, 1976.

Comments relating to the specifics of the 1975 Summer Youth Employment program, causes for the payment problems, the role of the Department of Labor, and the corrective actions taken by the city before the 1976 program, follow.

1975 SUMMER YOUTH EMPLOYMENT PROGRAM

The Summer Youth Employment program is authorized by title III of the Comprehensive Employment and Training Act of 1973 (CETA), as amended (29 U.S.C. 801), to employ economically disadvantaged youths ages 14 through 21 during the summer. It was funded through the Emergency Summer Employment Act of 1975 (Public Law 94-36, approved June 16, 1975).

The Department of Labor, which administers the Summer Youth Employment program, allocated \$26,579,520 of title I funds to New York City to enroll 68,385 of its youth. Another 31,414 youths were enrolled using \$18,145,712 of its CETA title I grant funds. Labor's region II monitored the city's 1975 summer program as part of its overall responsibility to see that all CETA funds in its region were properly spent.

The city's Youth Services Agency of the Human Resources Administration managed the program. The program was carried out by 93 nonprofit private and public delegate agencies who provided jobs for enrollees, supervised them, and submitted data for processing payrolls. During 1975 the agency was responsible for planning and monitoring delegate agencies, assisting them in preparing payroll data, and reviewing payroll and registration data.

When this agency was dissolved after the 1975 program was over, there was a general consolidation and reorganization of city government. The city's Department of Employment was given responsibility for closing the 1975 program and administering the 1976 program.

For some years before the summer of 1975, summer program checks were prepared and distributed by the State Unemployment Insurance Division of the New York State Department of Labor. The State was not able to do so for the 1975 program. The city then contracted with Bankers Trust Company and the Payroll Express Corporation, both located in New York City, to (1) prepare and later reconcile the account and (2) distribute the checks, respectively. Check preparation was subcontracted by the Bankers Trust Company to Automatic Data Processing, Inc., of Clifton, New Jersey.

CAUSES OF PROBLEMS

The causes for nonpayments or underpayments to some enrollees were found throughout the payroll process. From discussions with the various Federal, city, and delegate agency personnel, and reviews of memorandums, correspondence, and other documentation which they supplied, we believe that preparation for processing payroll data was poor and payroll procedures were inadequately applied.

The following shows the organization responsible for each step.

<u>Payroll process</u>	<u>Organization</u>
Registering enrollees	Delegate agencies and Youth Services Agency
Assigning enrollees to job sites	Delegate agencies
Recording enrollees' hours on timecards	Enrollees and delegate agencies
Preparing payroll worksheets from enrollees' time input data	Delegate agencies
Reviewing payroll worksheets and supporting data	Youth Services Agency
Processing data from worksheets into payroll register	Automatic Data Processing, Inc.
Preparing enrollees' checks	Automatic Data Processing, Inc.
Distributing checks to enrollees at paysites	Payroll Express Corporation

The following criticisms describing the causes of these problems were voiced to us or expressed in writing by one or more of the above sources. Based on a review of the problems encountered with regard to the status of the 124 enrollees, we believe these criticisms are valid.

Poor preparation for processing payroll data

In prior years, the New York State Department of Labor administered the payroll and the delegate agencies were familiar with the payroll system. However, neither the Youth Services Agency nor Automatic Data Processing, Inc., sufficiently trained delegate agency staff in the system's requirements developed for use in the 1975 program. The agency did not hire and train its administrative staff until the "eleventh hour." Communication among the agency, the delegate agencies, the job sites, and Automatic Data Processing, Inc., was not always effective, which contributed to operational problems. Automatic Data Processing, Inc., and Payroll Express Corporation did not fully document and account for checks printed and distributed. Also, the agency did not (1) clearly assign duties and responsibilities to the summer program staff and (2) establish contingency procedures to handle deviations from the routine.

Payroll procedures inadequately applied

Some of the causes were directly related to the following operating processes of the system.

Registering enrollees

Some enrollees did not have the identification cards required for payment. These cards were to be issued promptly when the participants entered the program, but there were delays because some of the delegate agencies completed the registration data inaccurately and the information was rejected by the system.

Lost or stolen identification cards also caused payment delays, since they were not replaced promptly. Another registration problem was that, in some instances, a youth would register at more than one delegate agency and this would cause the payroll system to fail to make a proper payment.

Agency field representatives assigned to assist the delegate agencies with registration were not familiar with program requirements or aware of the problems.

Timecards

The delegate agencies did not always submit participants' timecards promptly to the agency. Agency personnel would not accept worksheet data unless accompanied by supporting timecards. Consequently, processing worksheet data was delayed when timecards were not included.

Preparing enrollee worksheets

There were problems processing worksheet data because:

--Errors were made on the input documentation, such as submitting duplicate social security and identification numbers.

--The delegate agencies were generally unfamiliar with the payroll procedures used in 1975.

--Leadtime was inadequate for training delegate agencies' payroll supervisors.

Processing checks

Using the prescribed forms for making payroll changes did not assure an immediate correction. When an error was made so

that an incorrect check or no check was processed, the Youth Services Agency did not take corrective action until the end of the program in September 1975. Delegate agency staff considered correction requirements too cumbersome. This situation resulted in the payroll system rejecting attempted corrections.

Distributing checks

Paysite procedures were poor. The Payroll Express Corporation's check distribution was deficient. They adhered to an unrealistically short time schedule for distributing checks, which frequently left enrollees unpaid. Also, (1) its staff lacked training and (2) too few of its staff were used to distribute the checks.

There were also problems in developing regular, alternative, and supplementary paysites, due to the large number of delegate agencies and work locations. Enrollees from various work sites were paid at a single location. The paysite locations were sometimes changed by the Youth Services Agency without adequately notifying the delegate agencies. In at least one case, a delegate agency paysite location was changed 3 days before payday. Many delegate agencies were not apprised of site changes until a week or so before payday. Consequently, many enrollees were not notified promptly of where to report and, thus, were not present at the site where their checks were available.

Independent evaluation of the 1975 program

A November 7, 1975, certified public accountant's report, prepared under a contract for the Director, Secretariat to the Audit Review Council, Human Resources Administration, discussed the 1975 Summer Youth Employment program.

Compared to other available evaluations, the certified public accountant's report appears to be the most objective explanation of the causes for the payroll problems. The report reinforced the information gathered, and its overview of the program provided a useful interpretation of procedural and flow deficiencies.

The following are the principal criticisms of the program as discussed in the accountant's report.

Weaknesses in the training system

The Youth Services Agency's training of delegate agency personnel was deficient and caused problems in the payroll

system. The interval between developing forms for the registration and payroll systems and beginning the training session for delegate agencies was not enough to design adequate training seminars.

The seminars lacked areas of training that should have been provided to the delegate agencies; for example, instruction in the limitations of a computer-based system. Without this knowledge, the delegate agencies took shortcuts which, although possible in a manual system, failed in a computer system.

There was no formal training on record organization and maintenance, resulting in many inadequate payroll records. Also, there was no procedural manual to explain the flow of documentation or the steps to be taken in problem situations. Therefore, agencies did not know how to make corrections properly.

The agency did not have sufficient personnel to train delegate agency personnel and had to rely on certain delegate agency staff to train other key delegate agency staff. Therefore, there was a lack of control over the accuracy and extent of training. Nonpayments resulted from problems of noncompliance with payroll requirements for filling out timecards, completing worksheets, and submitting payroll data for processing.

In some cases, delegate agency personnel contributed to the training deficiencies: some were opposed to new procedures, came late to training sessions or not at all, or sent substitute attendees whose jobs were unrelated to the subject matter.

Weaknesses in organization

There was not enough agency staff in field operations. Also, the agency's payroll staff had to be expanded to include a night shift when the payroll could not otherwise be processed promptly.

Job responsibilities were so poorly defined within the agency that, in crisis situations, different individuals gave conflicting instructions to delegate agencies.

The agency's failure to adequately supervise the delegate agencies created many of the program's problems. Delegate agencies were permitted too much freedom in changing or not complying with procedures and forms designed for the program.

The organizational structure was weak in (1) formal control and (2) operating procedures over processing registration and

payrolls which created crisis situations. The lack of written material prescribing the proper flow of data contributed to this weakness.

- Instructions were given orally or by memorandum, and, in many cases, by those not in charge of the staff responsible for the activity.
- No group or individual was held accountable for modifying payroll worksheets and registration forms. Also, the feedback system for these modifications or corrections was not consistent.

Weaknesses in the computer processing system

Because of the summer program's size, identifying the receipt of all input documents for payroll preparation was needed. A control numbering system was designed to do this and to provide an audit trail of all input by the delegate agencies. In this manner, researching problems related to (1) registration and identification card generation and (2) payroll processing and check generation could be solved. However, the system broke down because the input procedures were not always adhered to by the agency. As a result, log-in procedures at the data processing center could not quickly identify data for researching problems.

The management and operating reports generated by Automatic Data Processing, Inc., were not used by the agency, although the summer program's size made such reports critical for control purposes. Two reasons for this were given in the accountant's report: (1) the computer firm did not provide a training seminar for the Youth Services Agency on the various report formats and information provided by the reports and (2) the reports included data acceptable to the system, as well as rejected data, rather than separate exception reporting, which would have identified problems easier.

Weaknesses in payroll distribution

The Payroll Express Corporation's procedures for receipt, distribution, and retention of enrollee payroll checks did not include:

- Verifying the correctness of listings of the quantity of payroll checks when received from Automatic Data Processing, Inc.
- Controlling the release of checks to its personnel for distribution through a sign-out list.

- Verifying the count of undelivered payroll checks against the payroll register in the presence of Youth Services Agency and delegate agencies' representatives at the close of a distribution session.
- Logging in checks, segregating them by date within delegate agency, or balancing the checks retained in the company vault after a scheduled or supplemental payroll distribution.

DEPARTMENT OF LABOR'S ROLE

The Department of Labor's regional office reviews, approves, and evaluates programs and monitors the city's spending of CETA money, including the Summer Youth Employment program. The Deputy Associate Regional Administrator for Area Operations said that the region's monitoring responsibility extends only to the agency administering the program, not to the delegate agencies. However, he said that they generally monitor delegate agencies when possible, particularly when problems arise.

Our review of Labor's correspondence showed that regional office personnel monitored the 1975 summer program. They attended planning meetings before program inception, monitored various delegate agencies with problems, inquired into enrollee eligibility, and investigated specific enrollee and parental complaints. These actions, however, did not noticeably improve operations in 1975.

In an internal memorandum of August 21, 1975, the region summarized a number of the operational procedures previously discussed in this report which had adversely affected the program's performance. Labor held a meeting on August 22, 1975, with city officials from the Department of Employment, the Youth Services Agency, and the Bureau of the Budget. Representatives from Bankers Trust Company and Automatic Data Processing, Inc., were also present. The regional findings regarding problems were discussed and recommendations for corrective actions were made for the 1976 program and the remainder of the 1975 program.

CORRECTIVE ACTIONS TAKEN BY THE CITY BEFORE THE 1976 PROGRAM

The Department of Employment, which administered the 1976 program, was aware of the problems in the 1975 program and took measures to make certain that they did not recur.

The 1975 program was criticized for rushed training and late hiring of administrative staff. For the 1976 program, the Department of Employment began discussions with Automatic Data Processing, Inc., and Bankers Trust Company as early as January 1976, and started instruction of the delegate agencies in May 1976. Also, the Department hired administrative staff in March and May of 1976.

An operations manual was prepared for 1976. The public accounting firm's report considered not having one in 1975 to be a contributory cause of the delegate agencies' inability to understand the system.

During 1975 there were problems with delayed issuance of identification cards and duplicate identification numbers. In 1976 the Department of Employment planned to issue the cards during orientation for enrollees before the start of the program. To avoid duplicate numbers, the cards were to be prenumbered the same as the registration document.

To expedite settling nonpayment or underpayment claims during 1976, a special supervisor in the Department of Employment was to use the quick accessibility of filmed records of enrollee payroll data. By using this method, data would be readily obtainable as evidence for supporting or disproving such claims.

The payroll check distribution system has also been revised. During 1976 a specially trained payroll group in the Department of Employment was to distribute the checks, not a contractor, as in 1975.

Delegate agencies were to be notified before each payday about those enrollees who were not to be paid and why. To avoid confusion, only one paysite was to be designated for each agency, except where an additional one or more were specifically requested. Checks not picked up on payday were to have been available at specified sites up to and including the next payday. Those checks not picked up by the next payday were to be voided.

CONCLUSIONS

Payment problems in the 1975 program came from several causes. The Department of Labor failed to fully assure that the city properly planned administrative procedures. Although Labor monitored the program, it did not require the city to correct deficiencies as they surfaced. Furthermore, the city administration did not effectively monitor and require correction of the problems as they arose. Specifically, the

city's Youth Services Agency did not adequately plan for efficient payment of the youths, resulting in many errors in payments, nonpayments, and an inadequate system being used by delegate agencies.

We believe that New York City was better prepared to manage the 1976 Summer Youth Employment program than it was in 1975.

AGENCY COMMENTS

In preparing this report, Labor, New York City, and the three contractors involved in carrying out the 1975 Summer Youth Employment program were given an opportunity to comment.

Labor (see app. I) and New York City (see app. II) generally agreed with our findings and conclusions. These organizations stated that late program funding contributed to the problems encountered in 1975. They also advised us of the actions that have been taken to improve the administration of the program in 1976.

As discussed in our report, we believe that poor planning and ineffective monitoring of the administration of the program were the overriding reasons why the problems occurred in 1975. We agree that the actions taken should have improved the administration of the program in 1976, as evidenced by the indicators provided in the comments furnished by New York City.

Automatic Data Processing, Inc., was the only contractor that provided comments on the draft. Its comments have been considered in finalizing the report.

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We trust this report serves your purpose.

Sincerely yours,


Gregory J. Ahart
Director

U.S. DEPARTMENT OF LABOR
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON

DEC 8 1976

Mr. Gregory J. Ahart
Director, Human Resources Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

This is in response to the GAO Draft Report entitled "Payment Problems in the Summer Youth Employment Program in New York City." This report noted several weaknesses in the operation of the program in 1975, but did not make any specific recommendations.

The draft report indicates that many enrollees were not paid, some were underpaid and others were not paid in a timely manner. The report also indicated that many of the payment problems resulted from poor payroll preparation, inadequate payroll procedures, and weaknesses in payroll system training, computer processing, organization of the city's Youth Services Agency, and distribution of checks. Such problems were experienced throughout the city. While only alluded to in the report, it appears that the underlying cause of each of these problems was poor preparation resulting from insufficient planning time.

The summer youth program is authorized by title III of the Comprehensive Employment and Training Act (CETA) of 1973, as amended. As noted in the report, the 1975 program was funded through the Emergency Summer Employment Act of 1975 (Pub. L. 94-36, approved June 16, 1975). We believe that the June 16, 1975, approval date (for programs that should have been in operation by that date) contributed heavily to the problems experienced by New York as well as other cities around the country. New York had planned and allocated \$18.1 million in title I funds to operate a summer program for 31,000 youths. With the additional title III funds provided to them at such a late date, it was practically impossible to revamp their planning quickly enough to absorb an additional 68,000 youths without experiencing some operational difficulties.

The payment problems in the 1975 summer program were compounded because the New York State Unemployment Insurance agency was unable to prepare and distribute summer program

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payroll checks as had been done in the past. Thus, a new system had to be designed. The functions formerly performed wholly by the New York agency had to be divided among the several organizations cited in the GAO draft report. The Youth Services Agency was required to coordinate all of the details inherent in the operation of the program, in addition to overseeing the payroll preparation and distribution process. It was found that the Youth Services Agency simply lacked the capability to deal appropriately with the problem. This, of course, did not become apparent immediately. The number of checks prepared for pay period number one, while not considered to be satisfactory, was thought to reflect the fact of overall unfamiliarity with the "new" system. Regional office staff required the Youth Services Agency to organize a supplemental pay system. This was done. Again, however, administration of the process proved to be faulty and it took specific monitoring and technical assistance efforts by regional office staff to create order out of what sometimes appeared to be chaos.

There were meetings and, in fact, regional office staff was assigned desk space on the prime sponsor's premises, full time, to assure that corrective action planning was effective and ongoing.

The New York Regional Office also took action to insure that such problems would not reoccur in the 1976 summer program. Those actions included requiring the city to begin its planning in January of 1976, requiring advance coordination between the city and its delegate agencies, providing regional office training to prime sponsor and subgrantee staff, monitoring extensively the city's monitoring efforts in addition to normal regional office monitoring efforts, and maintaining day-to-day contact with the sponsor to render assistance as needed.

The regional office believes these actions were very productive in preventing a recurrence of the previous year's problems. The region has indicated that a draft report covering their monitoring efforts and the results of the 1976 summer program indicate that most of the problems which occurred in 1975 did not occur in 1976. We believe that regional actions resulted in a satisfactory resolution of the New York City problem.

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As we indicated earlier, however, the problem in New York was not unique. Many cities experienced the same or similar problems resulting from short lead time for planning. The national office took action prior to the 1976 program to correct some of these problems by issuing early planning instructions. We intend to go a step further for the 1977 program by providing planning instructions, authority and funding for such efforts in the regulations governing the summer program. We believe that these actions will help prevent the types of problems experienced in New York.

Sincerely,



FRED G. CLARK
Assistant Secretary for
Administration and Management



HUMAN RESOURCES ADMINISTRATION
DEPARTMENT OF EMPLOYMENT/M.C.D.A.
220 CHURCH STREET, NEW YORK, N.Y. 10013

LUCILLE ROSE
Commissioner/Deputy Administrator

December 16, 1976

Mr. Gregory Ahart, Director
Human Resources Division
United States General Accounting Office
441 G Street NW
Washington, D.C. 20548

Dear Mr. Ahart:

I have reviewed your report on the 1975 New York City Summer Youth Program which you prepared at the request of Congressman Fred Richmond.

While we regret the circumstances that necessitated the preparation of this report, we are pleased with the careful and objective analysis of your staff who we feel accurately assessed the magnitude the administrative burden imposed on the City's Youth Services Agency by the 1975 Program.

In keeping with the constructive tone of your report, there is neither a need nor an attempt to rebut or dilute your findings. Rather, I am pleased to structure my response to your audit by citing key elements of this Department's 1976 Program which will indicate a superior program administrative function:

1. OVERALL NUMBER OF SCHEDULED CHECKS PREPARED AS PERCENT OF PAYABLE YOUTH:

1975 Payroll Experience

<u>Pay Period</u>	<u>Enrolled (Payable)</u>	<u>Checks Prepared</u>	<u>Checks As % of Payable</u>
1	83,706	65,933	79
2	82,574	75,099	91
3	85,678	78,465	92
4	92,092	81,556	89
TOTAL	344,050	301,053	88%

Mr. Gregory Ahart
 December 16, 1976
 Page Two

1976 Payroll Experience

<u>Pay Period</u>	<u>Enrolled (Payable)</u>	<u>Checks Prepared</u>	<u>Checks As % of Payable</u>
1	65,873	53,506	81
2	74,710	68,217	91
3	78,171	71,929	92
4	78,951	73,475	93
TOTAL	297,705	267,126	89%

2. SUPPLEMENTAL PAYROLL REQUIREMENTS:

	<u>1975</u>	<u>1976</u>
. Number of Supplementals	6	5
. Date, Last Scheduled Supplemental	2/16/76	11/9/76
. Total Scheduled Supplemental Checks Required,	20,174	4,762
As a Percent of Total Enrolled	5.8%	1.5%

Indicators #1 and #2 show that, where the 1975 and 1976 scheduled check preparation statistics are similar, the 1976 experience paid more youth who were due monies than in 1975. In fact, while strengthened administrative controls over payroll input resulted in the screening out of 11% (100% - 89%) of total youth pay periods as unpayable, responsive claims collection and adjustment procedures required that only 1.5% of total youth pay periods be subsequently satisfied with a supplemental payment. This was as compared to 5.8% in 1975, and adjustment of claims was accomplished over three months sooner than in 1975.

Mr. Gregory Ahart
December 16, 1976
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3. UNCLAIMED CHECKS EXPERIENCE:

	<u>1975</u>	<u>1976</u>
. Total Checks Prepared ⁽¹⁾	321,227	271,889
. Total Checks Unclaimed Resulting in Payroll Liability	11,276	2,112
. Unclaimed, as a Percent of Total Prepared	3.5%	0.8%

4. MANAGEMENT OF ENROLLEE WAGE ACCOUNT:

	<u>1975</u>	<u>1976</u>
Account Balance After Last Scheduled Supplemental Payroll	\$901,378	-\$4.98

Indicators #3 and #4 show that through tightened termination procedures and a far superior check distribution network, our incidence of unclaimed checks at the end of scheduled distribution was far more acceptable than in 1975. Additionally, where it required over nine months to resolve the 1975 payroll claims (represented by unclaimed checks), the resolution of our 1976 payroll claims will occur by December 31, 1976 (scheduled Program Close-Out). The balances in the Enrollee Wage Account reflects this activity. Indeed, the current balance in the 1975 Enrollee Wage Account is \$148,788, and which account can now be closed.

In summary, we feel the overall findings of your study accurately infer the crushing administrative burden imposed on CETA prime sponsors with the advent each year of the Summer Youth Employment Program. It does not address, however, the major dislocations which occur in a prime sponsor's normal operations from the burden nor the prime sponsor's ability to simultaneously continue to operate year-round programs through a resilient and competent organization.

We feel that the Department of Employment had demonstrated that resilience and competence in the 1976 program year. Additionally, we hope that we will be better able to solve the employment problems of our City's youth through more comprehensively structured year-round programs.

⁽¹⁾ Includes scheduled supplemental checks

Mr. Gregory Ahart
December 16, 1976
Page Four

Please call if you have any further requirements.

Very truly yours,



Lucille Rose
Commissioner/Deputy Administrator
Department of Employment

LR: jm

cc: Deputy Mayor Paul Gibson