

**DOCUMENT RESUME**

**05141 - [B0725638]**

**[Implementation and Progress of the Help Through Industry Retraining and Employment Program (HIRE)]. HRD-78-83; B-163922. March 9, 1978. 6 pp.**

**Report to Rep. John Conyers, Jr.; by Gregory J. Ahart, Director, Human Resources Div.**

**Issue Area: Employment and Training Programs: Alleviating Unemployment by Incentives to the Private Sector (3205).**

**Contact: Human Resources Div.**

**Budget Function: Education, Manpower, and Social Services: Other Labor Services (505).**

**Organization Concerned: Department of Labor.**

**Congressional Relevance: Rep. John Conyers, Jr.**

**Authority: Comprehensive Employment and Training Act of 1973, title III (29 U.S.C. 871).**

**HIRE (Help through Industry Retraining and Employment Program) was announced by the Secretary of Labor in January 1977 as a program primarily to assist disabled veterans and Vietnam-era veterans obtain employment. HIRE has two segments: a reimbursable activity for qualifying firms that wish to be compensated for extraordinary training costs incurred in training eligible persons and a voluntary activity for firms that are willing to employ eligible individuals without reimbursement. Findings/Conclusions: As of December 2, 1977, Department of Labor officials had little information about the number of persons hired under the reimbursable program. The first report showed that 136 persons had been placed in the reimbursable program as of October 31, 1977; the second report showed 285 placements as of November 30, 1977. The National Alliance of Businessmen maintains information on the pledges received for the voluntary program and the number of hires reported by participating businesses. As of December 31, 1977, participating employers reported hiring about 20,000 veterans and 1,200 non-veterans under the voluntary activity. The Alliance had received pledges for approximately 65,400 jobs for the voluntary activity and had a goal of 100,000 pledges and hires. (RRS)**



**UNITED STATES GENERAL ACCOUNTING OFFICE**

**WASHINGTON, D.C. 20348**

**HUMAN RESOURCES  
DIVISION**

**B-163922**

**March 9, 1978**

**The Honorable John Conyers, Jr.  
House of Representatives**

**Dear Mr. Conyers:**

Your letter of November 21, 1977, asked us to review the implementation and progress of the Help Through Industry Retraining and Employment Program (HIRE) administered by the Department of Labor. You also asked for an assessment, if possible, of the program's eventual success or failure.

We believe it is too early to make a fair assessment. There is no question that the program has developed slowly and has had only limited impact through 1977. But there is optimism that the program will eventually be a success.

**General information on HIRE**

HIRE was first announced by the Secretary of Labor in January 1977 as a program primarily to assist disabled veterans and Vietnam-era veterans obtain employment. It is administered as a national program under the provisions of title III-A of the Comprehensive Employment and Training Act of 1973 (CETA) (29 U.S.C. 871). Labor issued the initial directives on the implementation of HIRE in June 1977.

HIRE has two segments--a reimbursable activity and a voluntary activity. The reimbursable activity is for those qualifying firms that wish to be compensated for extraordinary training costs incurred in training eligible persons while the voluntary activity is for the firms that are willing to employ eligible individuals without reimbursement. The goal established by Labor for the reimbursable activity was 100,000 job training positions. Although Labor did not establish a numerical goal for the voluntary activity, Labor hopes that the voluntary program will also result in 100,000 positions. Approximately \$140

**HRD-78-83  
20598**

million was made available by Labor for funding the reimbursable activity during fiscal years 1977 and 1978. Since the program was intended to be short term and produce immediate impact, there were no plans to provide funds beyond fiscal year 1978.

As initially established, HIRE focused on the large employers--those who had 1,000 or more employees, who would have job vacancies in two or more geographical locations, and who would agree to hire at least 100 individuals. Employers participating in the reimbursable activity also had to agree to provide training. The job vacancies involved did not have to be new positions. In October 1977 the criteria were revised and employers of any size who agree to hire at least 15 individuals in one or more locations are now eligible to participate in HIRE. The changes were made in an effort to increase participation in the program.

Prior to the revision, employers who wanted to participate in the reimbursable activity but did not meet all the criteria (1,000 or more employees, two or more hiring locations, and a total of 100 or more pledges) were urged to contact the Comprehensive Employment and Training Act prime sponsors in their areas who may be able to fund projects similar to HIRE projects. In the HIRE orientation guide the distinction between the HIRE program and the regular role of the prime sponsor was explained as follows:

"As the Department of Labor could not usurp the role of CETA prime sponsors, HIRE was designed to approach the private sector in a way the CETA prime sponsors could not; by being aimed at major corporate employers operating in more than one geographic area."

It appears that the revised HIRE criteria may result in program activities similar to those available through programs of local CETA prime sponsors.

Individuals who are eligible to be employed under HIRE are (1) unemployed disabled veterans, (2) unemployed Vietnam-era veterans, (3) other unemployed veterans, (4) other unemployed persons eligible for veterans preference, (5) economically disadvantaged young persons, and (6) long-term unemployed persons from families with an annual income of \$10,000 or less.

The National Alliance of Businessmen, already under agreement with Labor to provide other services, accepted the task of marketing HIRE without additional compensation. Representatives for the Alliance follow up on letters sent over President Carter's signature to major firms asking for their participation and support for HIRE. If a firm indicates a willingness to participate, an Alliance representative will assist the firm in preparing either (1) the proposed funding agreement to be submitted to Labor for the reimbursable activity, or (2) the hiring plan submitted to support the pledge for the voluntary activity.

### REIMBURSABLE ACTIVITY

Employers who participate in the reimbursable program are to be compensated for the extraordinary costs incurred in training eligible individuals. The number of hours of federally reimbursable training ranges from 160 hours for the least complex occupations to 1,040 hours for the most complex. The Federal reimbursement may not exceed 50 percent of the participant's starting hourly wage and may, in some cases, be less.

When an employer submits a proposal to Labor for the reimbursable program, Labor representatives are required to review the proposal and tell the employer whether it is acceptable and fundable within one week. A Labor official told us that this review is being accomplished in about 2 working days time.

When an employer has a job opening that is covered by the HIRE agreement, the opening must be listed only with the local Employment Service office for at least the first 5 working days. During these 5 days the local office is to refer job applicants as follows:

1st day--disabled veterans

2nd and 3rd days--disabled veterans and Vietnam-era veterans

4th and 5th days--the above categories plus other unemployed veterans and persons eligible for veterans preference.

After the fifth day, the employer can resort to other means of recruitment. If the job order is left with the local Employment Service office, the office can then refer, in addition to veterans, economically disadvantaged young persons and long-term unemployed persons from families with annual incomes of \$10,000 or less. Regardless of the source that referred the individual eventually selected by the employer, the Employment Service office must certify that the individual meets the eligibility criteria of HIRE.

As of December 2, 1977, Labor had signed the following reimbursable agreements which are generally for a 12-month performance period.

<u>Description of employers</u>	<u>Number of</u>		<u>Federal funds involved</u>
	<u>Agreements</u>	<u>Positions</u>	
Employers agreeing to hire 100 or more at two or more locations (original HIRE criteria)	6	2,914	\$5,329,510
Employers agreeing to hire more than 100 but at only one location	1	150	354,760
Employers agreeing to hire less than 100 individuals	<u>5</u>	<u>231</u>	<u>458,400</u>
Total	12	3,295	\$6,142,670
	==	=====	=====

As shown above, Labor had entered into six agreements as of December 2, 1977, which did not meet the original HIRE criteria.

In addition to data in the above table, Labor had seven proposals as of December 2, 1977, for the reimbursable program which a Labor official believed would be funded. These proposals ranged from \$1,885,226 for 1,460 positions down to \$58,876 for 29 positions.

As of February 2, 1978, Labor had received an additional 35 proposals which were considered fundable. Of the total 54 proposals either funded or considered fundable, 32 proposals are for less than 100 jobs. As of February 2, Labor funded 31 projects for 6,674 jobs at a potential cost of \$11.5 million. The pending 23 proposals would add 3,603 jobs at a cost of \$5.3 million.

We asked Labor officials about the number of persons hired under the HIRE reimbursable program. On December 2, 1977, officials had little information on the program results. Since then Labor has prepared reports on the HIRE participants who were placed by the Employment Service. The first report showed that 136 persons had been placed in the reimbursable program as of October 31, 1977. The second report, prepared the week of January 30, 1978, showed 285 placements as of November 30, 1977.

Under the funding agreements the employers are not tied to a rigid hiring schedule. The only timeframe involved is that the required training must be given during the period covered by the funding agreement. If an employer does not hire the number of individuals he originally agreed to, he will only receive reimbursement for the extraordinary training costs incurred for the individuals hired.

Officials pointed out that, with the lack of rigid hiring schedules which permit employers to hire as the need arises as long as the required training can be completed in the agreement period, the program was not structured to reach its goal immediately. Labor officials thought that the revised guidelines would result in more employer participation in HIRE. One official expressed optimism that the reimbursable HIRE program would eventually come close to achieving the original goal of 100,000 positions.

#### VOLUNTARY ACTIVITY

The voluntary program does not involve Federal reimbursement and as a result, the requirements for employers are less extensive. Some of the criteria which differs significantly from the reimbursable program are as follows:

- The voluntary program employers are asked only to provide jobs. There is no requirement for on-the-job and related training.

--Employers do not have to list their job openings with the local Employment Service office.

--The employer can certify to the eligibility of the individual hired.


The National Alliance of Businessmen, involved with marketing of HIRE as described earlier, maintains information on the pledges received for the voluntary program and the number of hires reported by the participating businesses.

In our discussion with Alliance officials in February 1978, we were told that their most current hiring information was as of December 31, 1977, when the participating employers had reported hiring about 20,000 veterans and 1,200 non-veterans under the voluntary activity. As of February 15, 1978, the National Alliance of Businessmen had received pledges for approximately 65,400 jobs for the voluntary activity. The Alliance officials stated that they had a goal of 100,000 pledges and hires for the voluntary activity and they expected to reach the goal.

- - - -

The matters covered in this report were discussed with Labor and National Alliance of Businessmen officials and their comments were considered in the report's preparation. Also, as arranged with your office, copies of this report will be distributed to all interested or affected parties.

Sincerely yours,

  
Gregory J. Ahart  
Director