

DOCUMENT RESUME

05721 - [B1025969]

Questionable Need for Some Department of Labor Training Programs. HRD-78-4; B-163922. April 10, 1978. 52 pp. + 2 appendices (14 pp.).

Report to the Congress; by Elzer B. Staats, Comptroller General.

Issue Area: Employment and Training Programs: Employability of Selected Target Groups (3201); Non-Discrimination and Equal Opportunity Programs: Employment Discrimination in Skilled Craft Unions (1011).

Contact: Human Resources Div.

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

Organization Concerned: Department of Labor.

Congressional Relevance: House Committee on Education and Labor; Senate Committee on Human Resources; Congress.

Authority: Comprehensive Employment and Training Act of 1973 (29 U.S.C. 801), Manpower Development and Training Act of 1962 (42 U.S.C. 2571).

Under the Comprehensive Employment and Training Act (CETA) of 1973, the Department of Labor funds programs to provide job training and employment opportunities for economically disadvantaged, unemployed, and underemployed persons. The Apprenticeship Outreach Program (AOP) was designed to recruit, counsel, tutor, and refer primarily minority youths to apprenticeship positions in construction trades. The National On-The-Job Training Program's (OJT's) primary objective is to provide training to unemployed, underemployed, and economically disadvantaged persons for jobs in skilled occupational shortage areas, many of which are construction related.

Findings/Conclusions: Conditions which existed when the Department of Labor began the apprenticeship program have substantially changed. Employment opportunities in the construction industry have declined, causing a change in placement emphasis to general jobs. This policy shift underlined the question of the continued need for AOP. The results of several construction related on-the-job training projects during 1975 and 1976 demonstrated placement and operational problems. In many cases, program participants were not receiving adequate training, nor were they aware of any on-the-job training to be obtained. Subcontractors have been using program funds instead of their own funds to support their regular apprenticeship systems. Some national contractors have used about one-third of the funds to pay for headquarters and regional administrative operations. Insufficient oversight and evaluation by the Department of Labor contributed to the problems of these programs. Recommendations: The Secretary of Labor should eliminate the AOP in favor of less costly alternatives. If the program is continued, performance criteria should be established that: include minimum requirements on the service level

necessary to merit a placement claim, include minimum requirements for job suitability and job length necessary to warrant placement credit, and eliminate placement credit for referral to other programs and jobs with a large minority representation. The Secretary should reevaluate the need for the OJT Program and terminate contracts that are not achieving program objectives. He should: concentrate funding in trades having skilled worker shortages and low minority representatives, require that adequate job training be provided, implement guidelines which prohibit OJT funds from subsidizing apprenticeship programs, and reduce program administration costs. (RRS)

5969
BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Questionable Need For Some Department Of Labor Training Programs

Continued funding of the Apprenticeship Outreach and construction-related National On-The-Job Training programs has become questionable because of high unemployment in the construction industry, limited apprenticeship opportunities, and numerous program problems.

The Labor Department's administration of these programs generally was weak, particularly in monitoring and evaluating them, and GAO recommends that the Secretary either eliminate or redirect them. The Department says it will retain both but will improve their administration and review.



HRD-78-4
APRIL 10, 1978



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

B-163922

To the President of the Senate and the
Speaker of the House of Representatives

This report points out problems in two programs administered by the Department of Labor under the Comprehensive Employment and Training Act of 1973--the Apprenticeship Outreach Program and the National On-The-Job Training Program. We made this review to determine if these two programs are effectively enhancing the employment opportunities of economically disadvantaged minority groups.

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget, and to the Secretary of Labor.

A handwritten signature in black ink, appearing to read "Thomas A. Steinhilber".

Comptroller General
of the United States

D I G E S T

As one method of providing employment and training services under the Comprehensive Employment and Training Act, the Department of Labor funds a number of nationally directed programs. Two such programs are the Apprenticeship Outreach Program and the National On-The-Job Training Program.

The objectives of Outreach are to recruit, counsel, tutor, and refer primarily minority youths to apprenticeship positions in construction trades. On-The-Job Training's primary objective is to provide training to unemployed, underemployed, and economically disadvantaged persons for jobs in skilled occupational shortage areas--many of which are construction related. (See pp. 2 and 3.)

PROBLEMS WITH
APPRENTICESHIP OUTREACH

Conditions that existed when Labor established and began funding these programs have substantially changed. Employment opportunities in the construction industry have declined, necessitating a placement emphasis from apprenticeship to general jobs. As a result, program contractors were competing, duplicating, and overlapping with State employment service agencies. (See p. 23.)

This policy shift underlines the question of whether Outreach is still needed, since more than half of the reported placements in 1976 were in nonapprenticeship jobs.

More feasible, less costly alternatives are available. Employment service agencies in many States fund apprenticeship information centers that essentially operate the same as program contractors. (See p. 24.)

Therefore, the Secretary of Labor should eliminate the Apprenticeship Outreach Program in favor of less costly alternatives. If a need for the program can be demonstrated, it should concentrate solely on apprenticeship.

If the program is continued, the Secretary of Labor should establish useful performance criteria that

- include minimum requirements on the service level necessary to merit a placement claim,
- include minimum requirements for job suitability and job length necessary to warrant placement credit, and
- eliminate placement credit for referral to other Federal programs and referral to jobs already having large minority representation. (See pp. 26 and 27.)

PROBLEMS WITH THE NATIONAL ON-THE-JOB TRAINING PROGRAM

Labor's On-The-Job Training Program is not fulfilling program objectives. High unemployment in the construction industry prohibited participants from getting a training-related job. Many who had been placed were no longer employed in their field, and some were not employed at all. (See pp. 31 to 34.)

In many cases, program participants were not receiving adequate training, nor were they aware of any on-the-job training to be obtained. (See p. 34.)

Subcontractors have been using program funds, instead of their own funds, to support their regular apprenticeship systems. Some national program contractors have used about one-third of the Federal funds to pay for headquarters and regional administrative operations. (See pp. 35, 36, and 40.)

The Secretary of Labor should reevaluate the need for the National On-The-Job Training Program and terminate contracts that are not achieving program objectives. The Secretary should also

- concentrate funding in trades having skilled worker shortages and low minority representation,
- require that adequate job training be provided,
- implement guidelines which prohibit on-the-job training funds from subsidizing regular apprenticeship programs, and
- reduce program administration costs. (See p. 41.)

NEED FOR IMPROVED ADMINISTRATION

Insufficient oversight and evaluation by the Department of Labor contributed greatly to the problems in these programs, as did Labor's neglect in following up with former program participants. (See pp. 46 and 47.)

Using competitive bidding procedures and strengthening performance criteria for both programs are other needed improvements. Also, Labor has neither carried out useful suggestions in studies that assess these programs nor used independent sources of data to help evaluate contractor proposals and performance. (See pp. 47 to 51.)

The Secretary of Labor should

- develop and carry out monitoring and evaluation guidelines that gage program effectiveness and highlight program accomplishments in accordance with Comprehensive Employment and Training Act requirements and
- require the Office of National Programs to use competitive procurement procedures and evaluate contractors with the assistance of independent data. (See p. 51.)

LABOR COMMENTS

Labor disagreed with GAO's recommendations that the programs be eliminated or redirected but agreed with most of GAO's recommendations for improving program management. (See pp. 27, 41, and 51.)

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ABBREVIATIONS

AIC	Apprenticeship Information Center
AOP	Apprenticeship Outreach Program
CETA	Comprehensive Employment and Training Act of 1973, as amended
GAO	General Accounting Office
OJT	On-The-Job Training Program

CHAPTER 1

INTRODUCTION

The system for delivering most of the Department of Labor's employment and training services was changed in December 1973 with the passage of the Comprehensive Employment and Training Act of 1973 (CETA) (29 U.S.C. 801). CETA incorporated services available under the Manpower Development and Training Act of 1962 (42 U.S.C. 2571), as well as other acts, which CETA repealed in whole or in part.

CETA was enacted to establish a flexible and decentralized system of Federal, State, and local programs to provide job training and employment opportunities for economically disadvantaged, unemployed, and underemployed persons and to assure that training and supporting services lead to maximum opportunities and enhanced self-sufficiency.

Most CETA activities are carried out by prime sponsors--generally State and local government units--with grants from Labor under titles I (comprehensive manpower services), II (public service employment), and VI (emergency jobs program).

Labor is authorized to directly fund national programs under title III--Special Federal Responsibilities--for segments of the population in particular need of training and employment services under titles I and II, and is to take into account the need for continued funding of programs of demonstrated effectiveness.

In its fiscal year 1978 budget, Labor requested \$38 million for the minority group skilled trades program. The components of the minority group skilled trades program and the funds available to them in fiscal year 1977 are the Apprenticeship Outreach Program (AOP) (\$15.7 million), the National On-The-Job Training Program (OJT) (\$17.6 million), and the Journeyman Outreach Training Program (\$2.7 million). The latter program, which was not included in our review, was designed to assist persons over the normal apprenticeship age to become trade journeymen through apprenticeship-type training. AOP and the National OJT Program were established in the 1960s under the Manpower Development and Training Act and are continued under CETA. Both AOP and National OJT should increase the opportunities of disadvantaged persons to enter skilled occupations.

Since the Minority Group Skilled Trades Program is heavily involved in the construction trades, we examined AOP and National OJT to determine the appropriateness of program emphasis in the construction trades.

AOP OBJECTIVES AND FUNDING

The objectives of AOP are to recruit, motivate, guide, and assist primarily minority youth into the skilled construction trade apprenticeship programs. Activities are to include recruiting interested individuals, counseling them about the construction trades and requirements for entrance, tutoring them in mathematics and such other tested areas as manual dexterity, and referring them to local joint union-management apprenticeship committees for apprenticeship application and testing. Public and private nonprofit organizations contracting with Labor to provide AOP services do not directly indenture 1/ participants in apprenticeship programs.

Labor began funding AOP in 1967. In general, minorities had traditionally constituted a small proportion of skilled craftsmen. However, equal employment opportunity legislation, minority group pressures, Government efforts, and changing union attitudes caused a great demand for qualified minorities. Labor viewed AOP as a systematic approach to supply this increasing demand.

In 1975 Labor changed the placement focus of AOP to encourage general job placements because of high unemployment and limited apprenticeship opportunities in the construction industry. In fiscal year 1976, most reported AOP placements were in non-construction-related jobs.

Originally funded for 53 projects, AOP in fiscal year 1976 consisted of 98 projects nationwide primarily operated by the following organizations:

1/The process of qualifying and registering for apprenticeship with a designated employer. The term originates from the period when apprentices were bound to employers by a written agreement to work under a master-servant relationship while the employer taught the apprentice the skills of the craft or trade.

<u>Organization</u>	<u>Number of projects</u>
Urban League	30
Recruitment and Training Program	29
Human Resources Development Institute, AFL-CIO (note a)	22
Others	<u>17</u>
Total	<u>98</u>

a/The American Federation of Labor-Congress of Industrial Organizations.

For fiscal years 1970 through 1977, Labor funding for AOP totaled \$87.4 million.

NATIONAL OJT PROGRAM
OBJECTIVES AND FUNDING

The objectives of National OJT are to provide unemployed, underemployed, and economically disadvantaged individuals with useful work and on-the-job training; to assist them in developing to their maximum occupational potential; and to help them obtain regular employment. Training should be in skilled, semiskilled, or service occupations in which shortages exist and in which opportunities exist to progress. Special emphasis is to be placed upon providing minorities, disadvantaged persons, women, and veterans with OJT opportunities.

Construction-related National OJT involves two types of training--basic and coupled OJT. Basic OJT consists almost exclusively of on-the-job training for beginning apprentices, while coupled OJT includes other types of services and training, such as preapprenticeship classroom instruction before apprentices begin on-the-job training.

Labor began funding National OJT in 1962 by contracting with labor unions and other organizations it felt were capable of changing nationwide training and employment policies to include more disadvantaged people in major industries and occupational areas. Labor selected and has continued to fund projects in the construction and machine tool trades for about 42 percent of the National OJT effort. Over fiscal years 1970-77, National OJT funding totaled about \$130.5 million, about \$54 million related to construction and machine tool trades. The five organizations receiving the largest amounts of fiscal year 1977 funding (33 percent), along with the number of projects and the amount funded, are shown on the next page.

<u>Organization</u>	<u>Number of projects</u>	<u>Amount funded</u>
The United Brotherhood of Carpenters and Joiners of America	136	\$ 1,430,000
The Operative Plasterers and Cement Masons International Association	63	1,028,768
The National Joint Painting and Decorating Apprenticeship and Training Committee	38	706,980
The Bricklayers, Masons and Plasterers International Union of America	23	570,467
The National Tool, Die and Precision Machining Association	49	<u>2,000,000</u>
Total		<u>\$5,736,215</u>

SCOPE OF REVIEW

We reviewed appropriate legislation and applicable regulations, policies, procedures, and practices of the Department of Labor and held discussions with agency and contractor officials. We reviewed six AOP projects located in Maryland and California and seven construction-related projects and one non-construction-related National OJT project in Maryland, as well as in southern California, which is not subject to seasonal variations. Our review concentrated on construction-related activities because they have constituted a large segment of the programs' efforts. We also interviewed selected former AOP and OJT participants and obtained information by questionnaires from building and construction trade union representatives in southern California. In addition, we reviewed reports prepared by Labor and outside consultants on AOP, OJT, and apprenticeship programs.

CHAPTER 2
EMPLOYMENT CHARACTERISTICS IN THE
CONSTRUCTION INDUSTRY

Employment conditions in the construction industry greatly affect AOP and National OJT programs. Availability of employment is a crucial precondition to the success of these programs in fulfilling their intended objectives. Since these programs do not create jobs, they must place their participants in available construction trade occupations.

The construction industry has experienced a downturn in employment opportunities since 1970. Construction workers have had a high rate of unemployment while the number of individuals entering and completing construction trade apprenticeship programs has declined. Despite these conditions, minorities in construction trade apprenticeships have increased slightly since 1970, while the total number of minorities entering the trades has declined at a lower rate.

CONSTRUCTION UNEMPLOYMENT
AND OUTLOOK

Employment opportunities in the construction trades have generally been declining in relation to the growth rate of the labor force since 1970. The proportion of these workers reached its lowest point in 1975 when less than 3.2 percent of the labor force was employed in the construction trades. As the trade's share of the labor force declined, unemployment increased. In 1975 the rate of unemployment for all construction workers was about 18 percent, while it dropped in 1977 to about 12 percent. Construction unemployment rates since 1973 are shown below.

<u>Year</u>	Construction unemployment <u>rates</u> (percent)
1973	8.8
1974	10.6
1975	18.1
1976	15.6
1977 (July)	12.1

The American Federation of Labor-Congress of Industrial Organizations reported that the unemployment rate in December 1976 in the following eight metropolitan areas ranged from 15 to 68 percent for construction trades.

<u>Metropolitan area</u>	<u>Percent of construction trade unemployment</u>
Baltimore, Maryland	15
Chicago, Illinois	31
Dallas, Texas	24
Los Angeles, California	15
New York, New York	68
San Francisco, California	30
Tampa, Florida	35
Washington, D.C.	23

Bureau of Labor Statistics and other forecasts for the 1980s project only slight increases in the number of construction workers in comparison to the total labor force in the Nation's economy. For example, in Los Angeles County, which ranks as one of the largest labor markets in the Nation, the California Employment Service has projected a growth rate of 8.3 percent in the total work force between 1975 and 1980. While the construction trades are expected to reverse the 1970-75 downturn in employment, the growth rate has been projected to be 4.8 percent or just more than half the overall rate anticipated.

Some trades, such as carpenters, will have an overall decrease in craftsmen; while others, such as painters, plasterers, and operating engineers, are projected to have only small increases. However, the employment levels of 1970 will not be reached in any of these occupations by 1980.

DECLINE IN APPRENTICES

High unemployment has also adversely affected the number of active apprentices in the construction industry. From 1970 through 1975, the number of active apprentices nationwide declined about 14,000, or 5 percent, from about 280,000 to about 266,000.

The California Division of Apprenticeship Standards completed a study in 1975 of apprenticeship dropouts over the 3-1/2-year period from January 1972 through June 1975. The study showed a dropout rate of more than 47 percent for construction trade apprentices who began the program during

January through June 1972, while the rates for some major trades ranged from 7 percent to more than 62 percent. Reasons for these dropout rates were not included in the study, but according to one California research official, unemployment was a primary cause.

In a May 1976 report prepared for Labor on apprenticeship training, Kirschner Associates, Inc., stated that dropouts from 1967 through 1974 ranged from 38 to 46 percent among carpenters, plasterers, cement masons, and painters. Kirschner also reported that for the same period the proportion of beginning apprentices reaching journeyman status among these trades was lower, ranging from 16 to 27 percent. Kirschner cited high unemployment in the construction industry as an important factor contributing to these outcomes.

MINORITY REPRESENTATION
IN CONSTRUCTION TRADES
APPRENTICESHIP

Minorities represented about 7 percent of construction trade apprentices in 1967. Data available from Labor on minority apprentices indicates that in 1970 minorities held 9 percent of the available training slots with the ratio increasing to 18 percent by 1976. The following information obtained from Labor illustrates the percent of minorities in several major apprenticeship-construction trades in 1976.

<u>Trade</u>	Percent of minority apprenticeship participation <u>in 1976</u>
Selected occupational areas:	
Cement masons	46
Plasterers	38
Electricians	15
Plumbers	14
Line erectors, light, and power	13
Overall U.S. total	18

Even though the total number of active apprentices, as well as the number of beginning apprentices, has decreased since 1973, the ratio of minorities beginning apprenticeship nationwide increased slightly in relation to the total number of new apprentices as shown in the following table.

<u>Year</u>	<u>Total new apprentices</u>	<u>New minority apprentices</u>	<u>Percent</u>
1973	122,818	21,102	17.2
1974	109,706	19,966	18.2
1975	81,322	14,821	18.3

CHAPTER 3

QUESTIONABLE VALUE OF AND

LIMITED NEED FOR AOP

Conditions in the construction industry which prompted Labor to initiate the AOP concept in 1967 have changed significantly in recent years. High unemployment, limited apprenticeship opportunities, and a change in program emphasis raise questions as to the continued need for the concept.

The impact of AOP on increasing minority accessions into construction apprenticeship is questionable because, during the 1974-75 period of declining opportunities, the proportion of minorities entering construction without AOP assistance declined less than the proportion with AOP assistance. Additionally, AOP-reported placements may have been overstated by as much as 27 percent by contractors counting, for example, persons who never entered apprenticeship or entered without AOP contractor assistance. The lack of Labor criteria for evaluating AOP performance contributed to this condition.

Many AOP placements have been in the less skilled construction trades, such as cement masons, which have continued to have significant minority representation among apprentices. These placements are not advancing minority representation in the more skilled trades, such as electrical and sheet metal, which have fewer minorities. In addition our interviews with former AOP participants showed a high unemployment rate among those reported as placed.

Specialized AOP services, such as tutoring, have a questionable benefit for improving participant apprenticeship and employment potential. Many individuals said they did not get one or more of the specialized AOP services. Sixteen percent of trade union officials responding to our questionnaire felt that AOP participants were better qualified than other persons to enter apprenticeship.

After Labor changed the AOP placement focus in 1975 from construction apprenticeship to general job placement service, AOP contractors placed more than 59 percent of their 1976 reported placements outside apprenticeships. They have substantial drawbacks in this area, however, because they are now competing for placements and duplicating services provided by Labor's Employment Service and other organizations.

Many AOP placements are in jobs, such as cook trainees and janitors, paying less than beginning apprenticeship wages. These placements are costly; the cost per placement was averaging nearly \$1,000 more than if these persons had been placed by the Employment Service. For apprenticeship placements, the Apprenticeship Information Centers (AICs) of the Employment Service are a less costly alternative which offers virtually the same services as AOP.

LIMITED IMPACT OF AOP ON
MINORITY ACCESSIONS INTO
CONSTRUCTION APPRENTICESHIP

Few statistics are available which accurately measure the impact of AOP on minorities in construction apprenticeships. In an April 1976 report, Labor presented a limited statistical analysis of AOP contractor performance which showed that AOP placed about 37,300 apprentices in construction trades nationwide from fiscal year 1967 through fiscal year 1975. Labor estimated that about 95 percent of these individuals were minorities. The report also compared AOP-reported placements to nationwide apprenticeship accessions in 1974. Labor concluded, based on this comparison, that AOP contractors placed 40 percent of all minorities entering apprenticeships in 1974.

Making basically the same comparison, we estimated that about 35 percent of reported minority apprentices in Los Angeles County during 1974 and 1975 could have been placements made by the three AOP contractors operating in the county.

<u>Year</u>	<u>Los Angeles County</u>		<u>Percent AOP-assisted placements</u>
	<u>Total minorities entering apprenticeships</u>	<u>AOP contractor reported minority placements</u>	
1974	586	220	38
1975	<u>490</u>	<u>156</u>	32
Total	<u>1,076</u>	<u>376</u>	35
Percent decline (1974-75)	16	29	

However, as shown, AOP contractor-reported minority placements in this county in 1975 decreased by almost 29 percent from 1974. While the total reported number of minorities entering apprenticeships was also down, the overall decrease was only about half (16 percent) of that related to AOP-reported placements. This indicates that the percentage of minorities entering the construction trades without AOP assistance increased in this county during this period of declining apprenticeship opportunities.

Kirschner asked Labor and union officials to indicate by a numbering system the relative importance of various factors on increasing the percentage of minorities in the skilled trades. Replies from these groups varied, but in general, the following factors were noted by order of importance

- increased industry demand;
- availability of Federal apprenticeship support and funds;
- voluntary union efforts; and
- traditional union recruiting sources, such as laborers and relatives.

AOP was considered less important than the above four factors by many persons who were questioned. However, Labor and Employment Services officials agreed that AOP is an important influence. When asked if the Employment Service and AOP were being used more than previously as a source of new apprentices, a majority of Labor officials responded affirmatively.

AOP placements in apprenticeship overstated

Based on our followup interviews with former AOP participants, it appears AOP contractors have overstated, by about 27 percent, their performance in placing participants in apprenticeship programs. Labor is responsible for some of the inappropriateness of these AOP contractor-reported placements because it has not provided adequate criteria or promulgated minimal standards setting the level of services which must be provided by a contractor to warrant claiming an individual as assisted.

To ascertain the extent and nature of services provided by AOP contractors, we selected 291 former AOP participants for interview from programs operated in California and

Maryland during contract years 1973 through 1975. ^{1/} Incorrect phone numbers and addresses limited our sample to 94 former participants, of which 86 or 92 percent were minorities. Of the 94 participants, 34 were reported as never being placed by the AOP contractors; 9 were reported as being placed in general employment occupations; and 51 were reported as being placed in apprenticeship programs.

Based on our interviews, 14 of the 51 reported apprenticeship placements had been improperly reported, as described below:

<u>Description</u>	<u>Number incorrectly reported</u>
Never heard of and/or never had contact with AOP	7
Had casual contact with AOP before indenture	3
Had casual contact with AOP after indenture	2
Reported as indentured but never indentured	<u>2</u>
Total	<u><u>14</u></u>

Some specific examples follow.

--An individual passed union apprenticeship entrance tests, was accepted with a union, and found a job. Lacking a vehicle, he sought an AOP contractor's help in obtaining transportation to his job site. AOP officials advised this individual that transportation to job sites was not a service provided by AOP. The individual found his own transportation, and the AOP contractor subsequently counted the individual as an assisted indenture.

^{1/}We selected this period of AOP activity to obtain the most current perspective of AOP impact on program participants entering construction apprenticeship--its original focus--prior to Labor's early 1975 change in placement focus. As discussed on page 2, AOP contractors had significantly rechanneled their efforts from construction apprenticeship general job placement by 1976. (See p. 19.)

--Several individuals spoke briefly with an AOP contractor representative during a testing session at a union. No further contact or discussion occurred between these individuals and the AOP contractor representative. These individuals subsequently passed the union tests and were indentured with the union. The AOP contractor counted these individuals as assisted indentures.

--An individual was already an apprentice when an AOP contractor representative contacted him. Although no assistance was provided, the AOP contractor counted him as an assisted indenture.

In discussing these cases with AOP officials, they told us that under their contracts they can count any person as an assisted indenture who has had some contact with the AOP contractor or representative. AOP contractor officials said that since it is difficult to determine what circumstances are actually responsible for an individual entering an apprenticeship program, so the contractors are entitled to claim any individual who has any contact with the program or its representatives. This includes individuals who are already indentured with a union but who may require some assistance in finding a job or continuing in an apprenticeship program.

One AOP contractor official asserted that if he gives a lecture before a group of students at a trade school on the services available from AOP, any person in the class who eventually becomes an apprentice can be counted under his contract as an assisted indenture, even though his only involvement with the student was the lecture.

Other types of inappropriate placement claims

AOP contractors also claimed placement credit under their contracts for AOP participants placed in either Government-financed programs, such as OJT, or other Government programs operated by outside organizations. For example, in Los Angeles, two AOP contractors also had contracts with either or both the City of Los Angeles and Los Angeles County under title I of CETA for OJT and general job placement. While reviewing the files of reported placements at these two contractors, we found six cases where they had reported placing individuals in these other Government-financed programs as AOP-assisted indentures. In addition, another AOP contractor placed participants in the Journeyman Outreach Training Program funded by Labor under title III and reported them as assisted indentures.

Labor officials advised us that these placements are allowable under AOP contracts. We believe that these placements should not be counted because

- these individuals are reported by each program, which results in double counting and an overstated number of individuals placed by these programs;
- the Federal Government is paying two organizations for the same recruitment service; and
- if these types of activities are reported by AOP, they should be reported as referrals, not placements.

High unemployment among AOP contractor placements

Our followup interviews with former AOP participants also showed relatively high unemployment among those reported as placed. Of 37 ^{1/} reported AOP placements in apprenticeship programs, 20 (54 percent) were unemployed when we contacted them during July to September 1976. Length of unemployment for the 20 AOP reported placements is shown below:

<u>Period unemployed</u>	<u>Persons interviewed</u>	
	<u>Number</u>	<u>Percent</u>
Less than 1 month	6	30
1 to 2 months	-	-
2 to 4 months	4	20
4 to 6 months	1	5
6 to 12 months	5	25
1 year or more	2	10
Not indicated	<u>2</u>	<u>10</u>
Total	<u>20</u>	<u>100</u>

As shown, of the unemployed participants, about 35 percent had been unemployed for longer than 6 months--10 percent for a year or longer. Some participants commented that:

- AOP contractors continue to place more people into the trades when the current apprentices cannot get work.

^{1/}The 37 persons represent remaining individuals after eliminating the 14 inappropriate apprenticeship claims described on page 12.

--They have to leave apprenticeship programs because there is no work.

--They only worked 3 months out of the year due to unemployment--leaving an apprenticeship program.

Besides the 37 individuals assisted into construction apprenticeship programs, 9 were placed in general jobs by AOP contractors. Of the nine, five were unemployed at the time of our interview--two for more than 1 year.

MANY AOP PLACEMENTS NOT ADVANCING MINORITY REPRESENTATION IN APPRENTICESHIP IN MORE SKILLED TRADES

Primary objectives of the AOP concept have been to recruit, tutor, counsel, and refer qualified minorities to the more skilled construction trades, such as electrical, plumbing, and mechanical, because these trades had lower minority representation and required new apprentices to have more skills and knowledge than trades such as cement masons, plasterers, and painters.

Over 60 percent of AOP contractor-reported placements nationwide during the 1967-75 period were in the less skilled trades, such as the cement masons, bricklayers, painters, and plasterers; many of these continue to have significant minority representation among apprentices. For example, minorities made up about 46 percent of cement mason apprentices from 1973-76. Placements in the more skilled construction trades, such as electrical, ironworkers, sheet metal, and pipe trades, which have fewer minorities, comprised only about 35 percent of AOP contractor activity.

QUESTIONABLE BENEFIT OF SPECIALIZED AOP SERVICES FOR IMPROVING PARTICIPANT APPRENTICESHIP AND EMPLOYMENT POTENTIAL

The design of AOP provides for certain services which have been emphasized as major benefits of this concept of encouraging minorities to enter the skilled construction trade apprenticeship programs. These services, as described in Labor policy statements, are recruiting and community outreach; tutoring in mathematical skills and spatial relationships to pass apprenticeship entrance examinations, oral interviews, and dexterity tests; giving practice tests; counseling on work in the construction industry and its opportunities; preparing apprenticeship applications and related documents; referring persons to unions for apprenticeship

positions or other jobs; and checking on the participants' progress after placement.

From our review of six AOP contractors, the following represents the pattern of services generally available to a participant by AOP under ideal conditions (i.e., if the contractors provided each individual with complete and equal assistance):

- Individual completes an application form listing personal information and previous work experience. He may also complete a simple math test.
- The individual then has an interview with a counselor discussing the individual's trade preferences and what is expected and required of apprentices in construction trades, including necessary paperwork to apply for apprenticeship.
- At this point, the individual may be given some pretests in math if he was not tested before the interview, but generally if he is interested in a trade he is referred either to tutoring classes in the evenings or directly to unions.
- At the tutoring sessions, a tutor either tests or questions the individual on his math ability. If the individual needs math tutoring to pass the apprenticeship entrance tests, he is encouraged to attend additional math tutoring sessions. These sessions are designed to teach the individual enough math to pass the apprenticeship entrance tests and may also include guidance in passing oral interviews, dexterity tests, and other qualifying requirements as appropriate for the targeted apprenticeship program.
- When the individual's math skill has improved sufficiently or when he does not want to attend further tutoring, he is referred to the trade union to apply for apprenticeship.
- If an individual fails to qualify for one or more union apprenticeship programs, he may reenter tutoring or be referred to other unions until he becomes an apprentice or withdraws from the AOP program.

According to Labor and AOP contractors, the tutoring service is one of the most beneficial aspects of the AOP program. This service is a prime component that distinguishes AOP services from other programs or agencies involved with apprenticeship placement, such as State employment services and other community organizations.

Limited effectiveness of tutoring provided by AOP contractors

We examined the records of 1,349 individuals tutored by 3 AOP contractors in southern California from October 1972 through December 1975 and found that only about 12 percent (158) entered construction apprenticeship programs or were placed in other employment. The other 88 percent were placed in unrelated construction trades or other employment.

Of the 158 tutored placements, 137 were placed in apprenticeship programs and the other 21 were placed in areas of employment unrelated to the construction trades.

The number of tutoring sessions attended by the 137 individuals follows:

<u>Number of sessions</u>	<u>Persons attended</u>	<u>Percent attended (note a)</u>
1	34	25
2-4	35	25
5-6	16	12
7-9	12	9
10-15	15	11
16 and over	<u>25</u>	<u>18</u>
Total	<u>137</u>	<u>100</u>

a/Figures rounded.

As shown, 69 (50 percent) of the individuals placed in apprenticeship programs attended 4 or fewer tutoring sessions. Our analysis also showed that 20 individuals (15 percent) entered apprenticeship programs for which no entrance tests were required. Of the 54 individuals entering a skilled trade, such as electrician, sheet metal, plumbing, and surveying, 28 (52 percent) attended 1 to 4 tutoring sessions, whereas 15 (27 percent) attended only one session. Based on these results, it appears that many AOP participants were placed after attending only a few tutoring sessions.

We also found that only about 25 percent of the apprentices reported as being placed by two of these southern California AOP contractors during the 1973-75 period received tutoring. We could not make a similar assessment at the other AOP contractor due to incomplete tutoring information needed to match against reported placements. On the basis of our analysis, it appears that a large majority of AOP contractor-reported placements in apprenticeship programs either did not require or did not use the specialized tutoring services.

Other AOP services

Interviews with the 94 former AOP participants (see p. 12) revealed that many did not receive other AOP services.

<u>Service</u>	Percent not receiving service (<u>note a</u>)
Counseled about construction trades and opportunities	21
Tested	35
Referred to unions for apprenticeship positions	48
Referred to nonapprenticeship jobs	48
Followup by AOP officials to ascertain progress	49
Helped with paperwork and applications	68

a/One participant can fit into one or more categories.

Of the individuals who were counseled, about 89 percent rated the counseling as excellent or good; the remaining 11 percent felt the counseling was fair or poor. Nearly half of the individuals were not referred by AOP contractors to unions. When asked in what manner the AOP contractor could have been of more assistance, 42 percent indicated by more referrals to unions and other employers.

Of the AOP participants interviewed

--about 73 percent rated the AOP contractor's assistance as excellent or good, while 20 percent thought the assistance was fair to poor, and

--7 percent said that the program was no help at all.

About 20 percent indicated that they were unfairly referred to unions where no opportunities existed for apprenticeships.

To ascertain union opinion of AOP participants, we sent questionnaires to about 350 trade union officials in southern California. Of the 105 responses, 58 (55 percent) indicated that AOP candidates were as qualified to begin apprenticeship as other persons. Sixteen (15 percent) thought AOP contractor referrals were better qualified to enter apprenticeship, while 10 (9.5 percent) indicated that they were less qualified to start apprenticeship. The other 21 expressed no opinion.

Only three of the former AOP participants interviewed indicated that AOP officials directly recruited or referred them to the program. The primary way former AOP participants came to AOP was by walking in off the street. AOP contractor officials told us that outreach activities have been curtailed in recent years; therefore, many participants come from other sources. According to these officials, it is impractical to recruit many people and that it would only cause false hope and frustration for those recruited when limited employment opportunities exist.

AOP CONTRACTORS HAVE
SUBSTANTIAL DRAWBACKS FOR
GENERAL JOB PLACEMENT

Because of limited opportunities in the construction industry in 1974, Labor revised the placement focus of AOP in March 1975 to permit AOP contractors to claim nonconstruction apprenticeship placements and placements in generally high-paying jobs under their contracts. Labor officials said they felt that the AOP concept was in jeopardy since many AOP contractors had extreme difficulty in finding enough apprenticeship openings to satisfy contract goals.

However, Labor failed to provide contractors with adequate guidelines and criteria covering this new area of responsibility. For example, Labor did not provide an adequate definition of, or wages considered appropriate for, high-paying jobs.

As a result of this change in AOP placement focus, AOP contractors have emerged as general job-placement services. Over 36 percent of all AOP contractor-reported placements in 1975 were in general nonconstruction employment, while in 1976 59 percent of all reported placements were in these general job areas. A number of problems which resulted from this change are discussed on the next page.

AOP duplicates and competes with the Employment Service

It appears that the change in AOP placement emphasis caused AOP contractors to duplicate services provided by, and to compete for placements with, the Employment Service.

The main purpose of the federally supported employment service, operating in about 2,400 locations nationwide, is to serve as a labor exchange between persons seeking work and employers with available jobs. Jobs listed and filled by the Employment Service range from positions paying the minimum wage to higher paying salaried occupations requiring a college education.

In the Los Angeles area, the California employment service has 32 offices throughout the metropolitan area. Twenty-five of the offices have outreach services which consist of visiting high schools, setting up job fairs, and other similar functions. Each outreach office has trained employment counselors who work with clients to arrange an employment profile and find suitable work.

According to Labor and AOP contractor officials, the qualities that separate AOP contractor and employment service activities are the unique and special efforts AOP contractors provide in placing minorities in high-paying jobs which they believed are traditionally unavailable through the employment service. AOP contractors said they can overcome this obstacle by concentrating staff and resources more fully on developing jobs for minorities than is possible by the employment service or other employment source.

Many low-paying jobs

We received questionnaires from 13 employers who hired a total of 41 AOP participants in 1975 and 1976 from 3 AOP contractors in the Los Angeles area. These employers were specifically selected by the AOP contractors for our followup. The type of jobs and wages paid follow:

<u>Positions</u>	<u>Number of placements</u>	<u>Hourly wage</u>
Cook trainees	3	a/\$2.20
Sewing machine operator	1	2.45
Trash and disposal truck driver	3	3.00
Salesman	2	3.00
Carrier service driver	7	3.29
Factory office position	2	3.75
Clerical	7	3.78
Machinist	1	4.19
Package handler	4	4.55
Airline food service	1	4.57
Machinist inspector	1	5.00
Assistant machine operator	3	5.40
Technician trainee	1	6.25
Not indicated	<u>5</u>	-
Total	<u>41</u>	

a/Minimum wage at time of placement.

Over 69 percent of the jobs filled (excluding the five jobs for which no wage data was available) by AOP contractors paid less than \$3.80 an hour. Three of these jobs were for a fast food outlet which paid the then-minimum wage of \$2.20 an hour. The minimum construction trade apprenticeship wages in December of 1975 and 1976 in Los Angeles were \$4.50 and \$4.70 an hour, respectively.

No particular reason for hiring from AOP

When we asked these employers why AOP participants were hired, only 4 of the 13 indicated it was to help meet minority hiring goals. Of the remaining employers, five saw AOP participants as just another source of employees, two saw them as being a community service, and two said because their former employees now work for the AOP contractor. In addition, 3 of the 13 employers had significant minority representation among their employees: one had over 84 percent minority, another 60 percent, and the third, 39 percent. Eleven of the employers used other sources, including the employment service, to obtain employees. Only four indicated that the employment service did not respond to their employment needs.

Only one employer cited specific assistance from the AOP contractor as instrumental in his hiring one AOP participant. The AOP contractor helped this individual pass a typing test.

Nationwide AOP placements in low-paying jobs

To ascertain whether southern California AOP contractor general job placements were unique, we analyzed reports submitted by 36 AOP contractors nationwide. We found similar placement results by all 36 AOP contractors in that general job placements were frequently in rather low-skilled occupations. For example, a Memphis AOP contractor reportedly placed about 11 percent (15) of its 131 reported placements as laborers; a Seattle AOP contractor reported about 48 percent (14) of its 29 placements as laborers; and a Chicago AOP contractor reported about 12 percent (8) of its 64 reported placements as laborers. Generally, low-paying jobs included such occupations as janitors, nurses aides, busboys, and record clerks. Consequently, AOP contractors nationwide have generally placed participants in the same types of jobs as southern California AOP contractors.

According to an official from the Urban League's national headquarters, an organization that subcontracts AOP projects around the Nation, AOP contractors should not be involved with general job placements because other organizations, such as the State employment services, are involved in these areas. He said that, as a result, AOP contractors duplicate the services offered by these organizations and AOP contractors should only place participants in apprenticeship positions. Also, he advised us that many AOP contractors are receiving funding from other sources for general job placement and OJT. The Los Angeles Urban League office received over \$2.5 million in CETA title I funding from the prime sponsor for OJT and general job placement from June 1973 through May 1976, in addition to funds for AOP activities.

No placement credit criteria for duration of jobs

Labor has not established any length of employment criteria for AOP contractor placements before the contractors can claim placement credit under their contracts. No safeguard exists which precludes AOP contractors from claiming placement credit for an AOP participant who works less than 1 day or other short periods.

As shown below, the lack of duration-of-job criteria can result in misleading placement data. Six of 13 employers we contacted in September 1976 provided us with information on the current employment status of 15 former AOP participants hired during 1975 and 1976. Eleven (73 percent) were no longer working where they were first hired. One employer reported that his AOP referrals were only on the job for a few days. For example, two of three participants at a fast food restaurant quit their new jobs; at a local manufacturing plant, one of two left; and at a local refuse collection service all three participants had quit their jobs within 2 days.

AOP PLACEMENTS ARE COSTLY

Based on the ratio of expenditures to reported placements, the average cost for AOP projects nationwide from 1970-76 was \$1,548. The table below shows the average per-placement cost for AOP projects nationwide since 1973.

<u>Year</u>	<u>Average annual placement costs</u>
1973	\$1,177
1974	1,575
1975	1,521
1976	1,516

These costs substantially exceeded the average placement costs of public and private employment services, including other activities such as apprenticeship information centers (see pp. 24 to 25), which concentrate on apprenticeship placements.

The overall per-placement cost for the State employment services across the country in 1974 averaged \$158. California's employment service cost averaged about \$170 a placement in 1975. Also, private employment services are less expensive than AOP projects for many placements. For example, one Los Angeles private employment service, specializing in placing minorities, charges 70 percent of the first month's salary for clerical positions, 10 percent of the annual salary for technical type positions, and 1 percent per thousand dollars of annual salary up to a maximum of 25 percent of salary for professional positions, such as engineers, accountants, auditors, and data processing specialists. Service officials advised us that discounts based on volume placements are available which would reduce these charges.

Private employment services have also provided placement services to governmental agencies at less cost than their regular commercial rates. For example, the California employment service contracted with private employment services in California in 1971 and 1974 as part of a two-phase project to evaluate them as a supplementary placement resource. In each project phase, private service costs averaged less than \$250 per placement, even after including bonuses for jobs which lasted more than 6 months.

Apprenticeship Information Centers
are a less costly alternative

AICs, operated as part of State employment service agencies, appear to be a less costly alternative to AOP. Labor began funding AICs in 1968 to provide assistance to youth, particularly minorities, in entering apprenticeship programs. In 1976, 20 States operated AICs in 38 cities. AICs provide many of the same services as AOP contractors, including counseling, testing, and referrals to unions, but they do not provide tutoring. Because the State employment service operates AICs, they benefit through referrals from the many employment service offices in each State.

Since 1968, AICs reportedly helped to indenture 66,460 individuals, of which 24 percent (16,261) were minorities. The number of individuals, including minorities, referred to apprenticeship programs by AICs and the number accepted since 1973 are shown below.

Year	Referred to apprenticeship programs			Accepted into apprenticeship programs		
	Total	Minority	Percent	Total	Minority	Percent
1973	41,134	12,587	31	9,997	2,938	29.4
1974	38,214	12,638	33	9,528	2,385	25.0
1975	32,233	10,582	33	6,575	1,703	25.9
1976	28,066	8,782	31	4,030	1,026	25.5

Because AIC costs were not separately identified in employment service budgets, we did not compute the average per-placement cost of all AICs nationwide. However, we contacted 11 AIC offices around the country and 4 gave us current cost and placement data primarily for fiscal year 1976. We calculated their average per-placement costs at \$90, \$179, \$309, and \$359, respectively.

AIC officials indicated that the lower AIC average placement cost could possibly relate to the smaller staffs AICs carry compared to AOP contractors. Each AIC office generally has a director, a professional counselor or trade specialist, and a secretary. But the three AOP contractors we visited in southern California had an average of about six staff members involved in placement. Based upon the 1973-75 contract goals for these AOP contractors, each AOP placement official was responsible for about 25 placements a year or about 1 every 2 weeks.

AIC officials also advised us that AOP projects duplicate their services and they compete directly for apprentices in cities where both are operational. This issue was also discussed in Labor's 1976 AOP report. One researcher categorized the relationship between AOPs and AICs as strained and leading to competition rather than coordination and cooperation. However, one AIC we contacted refers minority and women applicants to the local AOP. In another case, both AIC and AOP count as a placement the referral of a person by AIC to AOP when he gets a job.

CONCLUSIONS

Conditions which existed when Labor established and began funding apprenticeship outreach projects have substantially changed since 1967. Since AOP does not create jobs, its viability depends on the availability of jobs in construction.

Labor authorized the change in AOP placement emphasis in 1975 from apprenticeship to general jobs to reflect the changed conditions in the construction industry. The substantial policy shift underlines a more serious question, which Labor did not adequately consider, concerning the continued need for AOP. If a critical need exists for the AOP concept, it is not reflected in AOP contractor placement activity since more than half of the reported placements in 1976 were in nonapprenticeship jobs. The area of concern that originally gave birth to the concept has become secondary.

The matters discussed in this chapter highlight serious weaknesses and problems in the operation of AOP projects. When viewed collectively, these problems and weaknesses either justify eliminating the ACP concept or at least substantially improving and redirecting its effort and focus.

In our opinion, the following conditions must be met in order for Labor to determine that a need exists to continue AOP in apprenticeship trades:

- Skilled manpower shortages exist.
- Employment outlook is favorable.
- Minority representation is low.
- Other less costly employee sources are not operating to supply apprentice candidates.

If Labor decides to continue the AOP concept, we believe it should be redirected to apprenticeship only and adequate criteria should be established for AOP contractor performance and the extent of services required because of

- misrepresented and overstated performance,
- placement credit claimed for referrals to other federally funded programs which resulted in counting participants twice, and
- credit claimed for placements in short-term, minimum-skill, low-wage jobs paying significantly less than beginning construction apprentice jobs.

Labor should act to eliminate AOP overlap and duplication with other apprenticeship and general employment services available at less cost. Labor should also consider the activities of prime sponsors operating programs under title I of CETA.

RECOMMENDATIONS

We recommend that the Secretary of Labor eliminate the AOP concept in favor of less costly alternatives. If the Secretary determines that a need exists for AOP, we recommend that its operations be significantly improved by

- redirecting the AOP focus back to apprenticeship only and
- establishing effective criteria for contractor performance to
 - include the degree and level of services necessary to support placement credit claims,
 - include minimum wage levels or description of suitable jobs as well as length of employment to warrant placement credit under contracts, and

- eliminate placement credit for participants referred to other federally supported programs or placed in trades and employment areas already having significant minority representation.

AGENCY COMMENTS AND OUR EVALUATION

In response to our September 30, 1977, request for comments, Labor in a December 22, 1977, letter (see app. I) disagreed with our recommendation that the Secretary eliminate the AOP concept in favor of less costly alternatives. Labor said that, although the Secretary has determined that AOP is needed, it generally agreed with our recommendations for improving operations.

Labor's chief arguments to retain AOP are summarized below:

- Action is being taken to strengthen and expand apprenticeship training.
- Labor continues to believe that AOP helps target group individuals overcome artificial barriers to jobs by providing special services to job seekers.
- Flexibility to change its target clientele and the occupations it seeks to penetrate has enabled adaptations to AOP's original, more limited scope.
- Plans are being made to more vigorously enforce equal employment opportunity through Labor's Office of Federal Contract Compliance Programs, and AOP will help place targeted individuals in job openings thus created.
- Labor does not believe AICs can function as an alternative to AOPs.

Labor also maintains that AOP's great success in performing its primary role has been thoroughly documented.

We believe the facts presented in this report speak for themselves. If the AOP concept is to be the viable program that Labor envisions, substantial management improvements will be needed. Labor states that a high degree of success for AOP has been thoroughly documented and this report refers to various studies that have been performed. Generally, these studies point out some of the same management weaknesses which we found and which are so critical in implementing an effective program.

Labor's comments indicate that AOP is not limited to the construction industry. As stated on page 1, this report deals with AOP as it relates to the minority group skilled trades program. The report clearly spells out that the focus of the AOP has been expanded to additional occupations, including nonapprenticeship positions. It is this expanded focus that led Labor's Bureau of Apprenticeship and Training in 1975 to discontinue certifying AOP placements because AOP contractors were not devoting their primary efforts to apprenticeship placements. Based on the poor performance found, we believe that Labor must determine that the specific conditions listed in the conclusions to this chapter are met before continuing to fund AOP.

We share Labor's concern that the number of apprenticeship openings for women and minorities be increased. But this must be done in occupations in which jobs will be obtained. Otherwise, Federal funds are being used ineffectively.

We suggested that AICs might be a lower cost alternative to AOP. This suggestion was based on specific observations that AOP often does not provide notably more services than AIC, yet has a much higher cost per placement. The established network of 2,400 employment service offices and 450 CETA prime sponsors should also be considered as alternatives, since these organizations serve many target groups, including minorities and women. Otherwise, a costly duplication of services could result.

Labor also questioned the scope of our review, noting that we examined only 6 of 98 AOP projects and concentrated on the construction industry (where pronounced regional differences are the case). First, much of our work was done in southern California because that area is not as greatly affected by seasonal variations as many other parts of the country. This is a key consideration regarding employment opportunities in the construction industry. Second, our work includes analysis of nationwide data, and we found no reason to believe that the detailed data developed would not reflect generally prevailing conditions. Finally, we admit that the possibility of successful projects exists in some areas. But, because of inadequate management by the Department of Labor, we believe that any successful program could not be attributable to reasonably effective program control.

Labor partly agreed with our recommendation to improve the program by redirecting AOP's focus back into apprenticeship only. Labor stated that AOP should focus mainly, but

not solely, on apprenticeable jobs. Labor maintains that AOP should retain the flexibility to claim placement credit for finding jobs that pay well. To this end, Labor stated that it has issued guidelines that direct AOP sponsors to emphasize apprenticeable occupations, but allow placement credit for jobs in which starting pay is \$5 an hour or more. This figure will be adjusted to reflect changes in worker income levels. Since AOP was set up to serve apprenticeship positions, we believe that opening up the program to general job placement, even for jobs at relatively high wages, could result in the program competing with the many other Labor placement efforts undertaken through CETA prime sponsors and the U.S. Employment Service.

Labor generally agreed with our recommendation to establish effective criteria for measuring contractor performance. It agreed to issue clear guidelines soon regarding the level of services that must be provided to an individual before an AOP contractor may count that individual as being placed through its project. Labor also has acted to allow placement credit by AOP contractors only for certain types of jobs. Also, Labor agreed to eliminate loopholes that give placement credit for referring program participants to other federally supported programs. This action should improve program operations.

Labor disagreed with two specific points in our recommendation. First, it said that the recommendation regarding the establishment of criteria for length of time an individual must remain in a job before being counted as placed could not be adopted. Labor said that, although this idea has merit, adopting it would create an unfair inconsistency between AOP reporting and reporting systems for other CETA programs and for the Employment Service network. However, Labor said it was giving serious consideration to new program guidelines that would require AOP sponsors to provide followup services to clients for up to 12 months after placement.

We would like to make it clear that the recommendation is directed toward making length of employment one criterion on which to require contractor performance. Contractors should be required to have program participants placed in apprenticeship for a reasonable period of time before being allowed to claim a placement. Otherwise, placement statistics on contractor performance could continue to be inflated as shown by our review. We are not advocating a new, highly sophisticated reporting system, but rather the collection of meaningful performance data.

Second, Labor disagreed that placement credit should be eliminated for those placed in trades and employment areas already having significant minority representation. Labor claims that, contrary to national data, underrepresentation by minorities in some trades remains a problem in many local areas and that guidelines would need to account for each local situation.

Labor's position appears to lack merit. When a national program is established under CETA and this program is aimed at certain target groups, it would seem that, with the limited resources available, Labor would want to concentrate them where they would do the most good. In the construction industry, the higher paying positions are in the skilled trades and it is these trades that appear to have the lowest percentage of minorities. There is nothing in our recommendation to prevent Labor from making exceptions to the overall policy when contractors can demonstrate a valid need for placements in occupations at the local level that show a high representation of minorities nationally. But this technique would require much more active management by Labor than we found during our review.

CHAPTER 4

NEED TO REEVALUATE AND REDIRECT

NATIONAL OJT PROGRAMS

The National OJT Program should provide underemployed, unemployed, and economically disadvantaged persons with job training in fields that have good employment prospects and assist target groups in developing their occupational potential and in obtaining employment.

In many respects, Labor's funding of National OJT is not fulfilling these stated objectives. High unemployment in the construction industry caused problems in OJT placements and many of the individuals we interviewed in 1976 who had been placed were no longer employed in their trade or, in some cases, employed at all. Over half the former OJT participants we interviewed at one subcontractor said they were not aware of any on-the-job training to be given to them.

National OJT funds have been used by their local subcontractors to support their regular apprenticeship systems in lieu of using their own apprenticeship or other funds. Many OJT trainees have been taken from regular apprentice labor pools, such as union apprenticeship waiting lists, rather than from target groups uninvolved in the construction trades.

The impact of National OJT on increasing minorities-- a special emphasis category--in the construction trades is questionable; three of the five contractors we reviewed represented trades with consistently large increases in minority representation. The other two trades had limited success in increasing minority participation.

Three of the five National OJT contractors we reviewed had exaggerated or overstated the need for new apprentices beyond the actual employment situation in their respective trades. The other two did not include data showing any need for OJT in their proposals. Labor funded all of them.

Major portions of National OJT funds supported administrative functions of the contractors rather than training participants. About 34 percent of the five National OJT contractors' funding we reviewed was used to support headquarters and regional staff, as well as their associated benefits and other expenses.

FORMER PARTICIPANTS
VOICE PLACEMENT PROBLEMS

Because Labor does not have available data from followup studies that would indicate the effect of National OJT beyond the initial job placement, we interviewed 96 former National OJT participants to secure the results of National OJT training. We obtained the names of enrollees in apprenticeship programs from the Joint Apprenticeship Committees of the five organizations listed on page 4.

Construction-related National OJT is either conducted in basic OJT or coupled OJT. In basic OJT the trainee begins with on-the-job training and he may attend further evening sessions. Coupled OJT includes services and training, such as classroom instruction, before beginning on-the-job training.

Thirty-four percent of the 90 former National OJT participants interviewed were available for placement (6 individuals were unavailable for placement) at the end of the training but they never found a job. These individuals were interviewed during July to September 1976 in southern California and Maryland. Because they never found a job, they could not acquire on-the-job training even though they had completed preapprenticeship classroom training. These participants attended training during 1975 and 1976 in local projects operated by subcontractors we reviewed. This is shown in the following table, which presents a tabulation by National OJT contractors of the number of persons whom we interviewed that had not obtained skill-related employment.

<u>Trade</u>	<u>Number interviewed</u>	<u>Number not placed</u>	<u>Percent not placed</u>
Painter/dry wall	31	20	65
Carpenter	22	7	32
Plasterer	11	2	18
Tool and die	10	1	10
Bricklayer	9	1	11
Cement mason (note a)	<u>7</u>	<u>-</u>	-
Total	<u>b/90</u>	<u>31</u>	34

a/Basic OJT only.

b/Six individuals were not included because they were unavailable for placement after preapprenticeship training due to personal matters beyond the control of the program operators.

The following table shows the individuals' reasons for not being placed on a job.

<u>Reason</u>	<u>Overall percent</u> <u>(note a)</u>
No jobs available	50
Program people did not try to place him	25
Found other work	5
Transportation problem	5
Other reasons	15

a/Percentages are rounded.

Local contractor officials explained that jobs could not be found for trainees primarily due to high unemployment. One local union official said that when their OJT project was first started in January 1976, the local union doubted if more than a few participants would ever be placed. As it turned out, employment opportunities increased during the classroom instruction period which allowed placing several of their participants.

Those who were initially placed also had problems, as indicated by the fact that 17 of the 59 individuals placed in jobs were unemployed at the time of our contact.

On the other hand, 37 out of the 42 former OJT participants who were employed at the time of our contact felt that OJT training had been instrumental in their jobs. However, only about 61 percent of these participants were working in training-related trades at the time of our interviews. Many of the participants in other occupations indicated that high unemployment in their trade forced them to find other jobs.

In its May 1976 report to Labor, Kirschner identified enrollee placement as a major problem confronting Labor's construction-related OJT program. Of the five programs Kirschner surveyed (carpenters, cement masons, bricklayers, painters, and homebuilders), all had experienced severe placement problems. Kirschner's followup contacts with enrollees in these programs indicated that they had been misled into believing jobs would be available to them, some of whom said: "They should tell you right from the start how hard it is to find jobs." Similarly, the participants expressed a common feeling that programs were initiated irresponsibly, that "apprentices should only be trained when there is work," and "before classes, the union should check with contractors to see how many people will be needed."

LIMITED TRAINING PROVIDED

Each of the five National OJT contracts we reviewed had provisions describing the responsibilities and duties of program coordinators at the local level in providing classroom instruction and supervising trainees while on the job. Over 40 percent of National OJT funding for these five contracts in 1976 was to support the activities of these coordinators.

Over 41 percent (24) of the 59 former OJT participants who were placed in jobs to complete their OJT training said that they were unaware of or did not receive training from these local program coordinators. Of the remaining 35 participants who were aware of training,

--63 percent (22) indicated they learned a great deal from on-the-job training by these coordinators,

--21 percent (7) indicated they received little from this training,

--11 percent (4) indicated they did not learn anything from it, and

--5 percent (2) expressed no opinion.

One 1976 contractor stated that "this kind of training is probably operating at a more effective level now than ever before." However, over half the former OJT participants we interviewed from one of the local subcontractors to this contractor told us they were never given on-the-job training or were even aware of the program's obligation to provide such training.

Local OJT project officials said that coordinators spend a great amount of their time locating jobs for the next group of trainees so that they will be able to complete the on-the-job training phase. As a result, coordinators have less time available to spend with current OJT trainees.

Kirschner reported that some participants were dissatisfied with the quality of their job assignments as learning experiences because they were not allowed to develop the variety of skills necessary to become competent craftsmen. This was a direct reflection of the lack of job counseling participants received from coordinators.

Kirschner also reported that OJT coordinators did not adequately fulfill their instructional responsibilities with

OJT participants, especially while participants were on the job. Less than 50 percent of OJT participants reported monthly contact with coordinators.

Kirschner's statistics also showed that regular contact with OJT coordinators occurred only about 11 percent more often with OJT trainees than with a comparison study group of beginning apprentices. As Kirschner pointed out, these coordinators are crucial for a successful OJT program because they provide the necessary training and instruction to participants in developing and understanding their skills for trades being taught.

NATIONAL OJT FUNDS SUBSIDIZING REGULAR APPRENTICESHIP SYSTEM

National OJT funds are replacing program contractor apprenticeship funds to support apprenticeship training which violates CETA regulations, as well as a provision in National OJT contracts which requires contractors to maintain the level of activities conducted before the OJT contract. Also, National OJT contractors recruit many OJT participants from traditional apprenticeship sources. These conditions suggest that National OJT funds are not being used primarily to enhance employment opportunities for target groups but rather to finance regular apprenticeship systems.

Improper use of program contractor apprenticeship funds

Apprenticeship funds come from employers who are generally required to finance apprenticeship training. This support is usually arranged with unions in their collective bargaining agreements. Thirty-two of the 38 southern California construction contractors answering our questionnaire indicated that the Federal Government should not be financing apprenticeship OJT training. One reason expressed was that the contractors were supporting apprenticeship through their collective bargaining agreements.

We found three situations that reflect these contractors' concerns. In the first case, officials for one local construction trade union fund in southern California said they deleted about \$25,000 from their 1976 budget for apprenticeship training after the national union notified them that they were receiving National OJT funding. To the extent that this occurred, the union would have substituted Federal funds for local funds for apprenticeship training. The contract between Labor and the national union contains a maintenance

of effort clause that requires contractors and subcontractors to continue the training level in existence prior to the Federal contract.

The second case involves using National OJT funds to subsidize the training of apprentices for an association of employers--mainly small-machine shop owners. According to association officials, member shops rely heavily on the National OJT segment to provide qualified machinists. Since the shops are small, two to four employees, the shop owners cannot afford to tie up equipment and production time training new people. Therefore, they rely on the association's six central training centers across the country to train apprentice machinists who, when they begin work, possess enough skill to contribute to shop production. National OJT funding provides the bulk of funds for operating these training centers.

Local OJT officials in California said that the major recruitment source for National OJT classes is the association's shop owners. Before training classes begin, the training center sends letters to shop owners requesting that they send qualified people to fill the training classes.

Our interviews with former OJT trainees from this association tend to corroborate that it is using National OJT funds to subsidize its members' training requirements. Several individuals said they were already working for an association shop when the owners referred them to OJT. Also, others said they were hired by shop owners and referred to OJT before starting work.

An OJT official of another program operator gave us the third case of National OJT funds being substituted for union apprenticeship funds. He told us that without construction-related National OJT funds, his union would have supported an identical program with union apprenticeship funds.

Regular apprentice labor pools used

Serving target groups not already associated with the construction trades is one of the National OJT stated program goals. However, National OJT project officials at the local level told us that many OJT participants were selected from unions' apprenticeship waiting lists. Other participants were also recruited from State-supported vocational education schools in classes of the same trade as the OJT training or from related classes. Officials of one local OJT contractor

said that vocational schools were its primary recruitment source because these students practically beg to be in OJT training since finding a job without OJT program officials' help is extremely difficult due to high unemployment. The classroom instruction phase for this local project's OJT training was conducted at one of these vocational schools.

Union officials in the Los Angeles area advised us that National OJT funding helps local union apprenticeship officials to maintain a flow of new apprentices into the trades. With high unemployment, new apprentices have to compete with experienced apprentices for available jobs. Employers are unwilling to hire inexperienced apprentices when more advanced apprentices are available for these jobs. However, if employers know that new apprentices have had training in a trade, they will hire them instead of the more advanced apprentices who are higher on the wage scale. In addition, these union officials gave examples of apprentices who requested the unions not to advance them in apprenticeship standing because it would be hard to obtain employment at the higher wage scales.

Kirschner reported that about 39 percent of OJT participants previously worked in the construction trades, and another 8 percent previously worked in construction-related occupations.

QUESTIONABLE IMPACT OF OJT ON MINORITY REPRESENTATION

Increasing opportunities in construction and other skilled areas for minorities is one objective of the National OJT Program. However, three of the five contractors we reviewed represent trades which, according to Kirschner, have consistently had significant minority representation.

Minority apprentice representation among two other trades that we reviewed, the machinists and carpenters, was as low as 12.2 and 17.1 percent, respectively; in 1975, Labor's funding for these two National OJT contractors would appear to be in line with the objective of increasing minorities in apprenticeships. However, as shown in the following table, the success of these contractors in increasing minority participation among machinists and carpenters through National OJT has been limited.

Activity	Machinists		Carpenters		Basic	
	Number	Percent of all starters	Coupled (note a) Number	Percent of all starters	Number	Percent of all starters
<u>Contract year 1975</u>						
Started preapprentice training:						
All persons	830	100	220	100	-	-
Minorities	242	29	109	50	-	-
Placed in OJT job:						
All persons	622	75	172	78	732	100
Minorities	128	15	78	35	169	23
Completed OJT:						
All persons	429	52	132	60	544	74
Minorities	82	10	55	25	124	17
<u>Contract year 1976</u>						
Started preapprentice training:						
All persons	648	100	203	100	-	-
Minorities	189	29	120	59	-	-
Placed in OJT job:						
All persons	328	51	181	89	633	100
Minorities	70	11	102	50	168	27
Completed OJT:						
All persons	177	27	117	58	487	77
Minorities	33	5	79	39	125	19

a/Coupled OJT includes preapprenticeship classroom instruction and on-the-job training. Basic OJT is exclusively on-the-job training.

As the table shows, the machinists' National OJT contractor was successful in meeting his recruitment goals because he reportedly recruited 29 percent minority in 1975 and 1976; however, only 10 percent in 1975 and 5 percent in 1976 completed OJT. As can be seen in the table, the carpenters were more successful; minorities represented 25 percent in 1975 and 39 percent in 1976 of OJT completers under the coupled National OJT Program.

CONTRACT PROPOSALS OVERSTATE NEEDS

The three contractors' proposals for 1975 and 1976 we reviewed contained exaggerated or overstated employment needs for new apprentices. Two other contractors failed to specify any need for training in their proposals. Labor awarded contracts to all five contractors.

Labor officials told us that they have a good idea of the demand for skilled labor and that they discuss the current and prospective labor demands with contractors during contract negotiation. They do not, however, use data published by the Bureau of Labor Statistics to decide which localities should receive OJT funding.

As an example of overstated needs, the Operative Plasterers' and Cement Masons' Association 1975-76 contract proposal contained the following language:

"It is not possible to train the number of cement masons and plasterers needed by the industry using Federal funds. The need is too great. * * * The contractor shall establish a training program which will help alleviate the critical shortages within the concrete construction industry."

According to data provided by the American Federation of Labor-Congress of Industrial Organizations, in December 1976 cement masons and plasterers were experiencing high unemployment. For example, in Baltimore, Maryland, cement masons had a 30-percent unemployment rate and plasterers had a 50-percent unemployment rate.

When we asked these contracting organizations to support the need for training in their contracts, none was able to give us the statistical information demonstrating the critical necessity for training OJT participants for industry demands. National union OJT officials said that the local unions, which subcontracted with the major unions to train participants under these National OJT contracts, prepared analyses of employment needs to support the training slots funded by the national unions. However, local union subcontractor officials told us that no such analyses were made and that the national unions prepare this data. According to local union officials, after the national unions obtain funding from Labor, they request from the local unions an estimate of the number of training slots they can adequately manage. Based upon these estimates, the national unions allocate slots to the local unions using the ratio of slots available to the number of slots requested by all the local unions.

Officials of the national organizations also said that Federal funding for OJT was necessary to maintain a flow of apprentices into these trades to supplement the attrition of tradesmen from retirements and terminations. Also, they believed that entry-level apprenticeship training must continue,

even during periods of poor employment, to protect the viability of apprenticeship training for oncoming periods of prosperity. This would appear to be a union responsibility and not a responsibility of the National OJT Program.

SIGNIFICANT FUNDS FOR ADMINISTRATION

We also found that many National OJT funds were used to support contractors' national and regional headquarters staffs and associated administrative expenses. As shown below, the administrative costs for 1975 ranged from 31 to 43 percent of total OJT contract expenditures for the five contractors we contacted.

<u>Contractor</u>	<u>Total contract costs</u>	<u>Funds expended for administration</u>	<u>Percent of total</u>
Painters	\$ 590,303	\$ 252,364	43
Machinists	1,701,598	574,779	34
Bricklayers	560,742	185,686	33
Cement masons and plasterers	938,837	301,575	32
Carpenters	<u>1,300,000</u>	<u>408,985</u>	31
Total	<u>\$5,091,480</u>	<u>\$1,723,389</u>	34

Local OJT project officials in California and Maryland said that they received minimal guidance from their national headquarters staffs. In most cases, aside from reporting performance statistics and financial data to the headquarters staff, local project officials carried out the OJT programs without their national headquarters' help.

Kirschner also reported on the high administrative costs of OJT. During its study period (1967-74), Kirschner reported that over 34 percent of contractor expenditures were for the indirect cost of contract administration.

CONCLUSIONS

The current and projected employment outlook in the construction industry, particularly in a number of less skilled trades, is not encouraging for the placement and advancement of apprentices. The results of several construction-related on-the-job training projects during 1975 and 1976 demonstrate placement and operational problems to the extent that the primary purposes of the program have not been substantially met. Labor should look closely at the National OJT Program and make significant improvements.

RECOMMENDATIONS

We recommend that the Secretary of Labor:

- Reevaluate the need for construction-related national on-the-job training, as well as training in trades having similar unemployment problems, and terminate those contracts which are not achieving program objectives.
- Redirect available funding into trades with current and projected skilled manpower shortages and low minority representation.
- Require that adequate training be provided to program participants while they are on the job or in classroom training.
- Implement guidelines which would prohibit National OJT funding from subsidizing regular apprenticeship programs.
- Reduce administrative costs associated with National OJT contractors so that more funds can be used for training.

AGENCY COMMENTS AND OUR EVALUATION

Concerning our recommendation that Labor reevaluate the need for the construction-related and certain other national on-the-job training programs in trades having high unemployment, Labor stated that the program should be continued in the construction industry because the recent slump in construction activity will be corrected by long-term growth and because the high wage scales of this industry are particularly helpful to disadvantaged persons. We still believe that continuing to train persons for occupations which already have high unemployment rates does not represent a good use of taxpayers' money. With the limited resources available, training should be directed toward areas in which participants have a reasonable expectation for employment.

Regarding our recommendation that the Secretary redirect available funding into trades with current and projected skilled manpower shortages and low minority representation, Labor stated that, to the extent that individual projects are terminated due to poor performance, it would consider using funds unencumbered in this manner for new training projects in different occupations and industries.

We believe that Labor's response fails to recognize that deficiencies in its reporting and evaluation activities prevent it from promptly identifying poorly performing contractors. Furthermore, as this report points out, training individuals for nonexistent jobs defeats a prime objective of the National OJT Program. During periods of high unemployment in the construction industry, National OJT not only fails to substantially increase target group participation in this industry, but also fails to assist target members to obtain good jobs. By more intensively focusing on training programs in industries with good employment prospects, the program would better assist target group individuals.

Labor agreed with our recommendation that National OJT Program contractors be required to deliver adequate training. Labor said our insights in this report would be useful in developing guidelines and procedures for ensuring that training programs are adequate; however, Labor did not specify the actions it plans to take to improve the training. However, Labor mentioned that it is considering doing some type of postplacement followup.

Labor also concurred with our recommendation to implement guidelines that prohibit National OJT funding from supplanting regular industry-operated apprenticeship programs. The Department plans to issue stricter guidelines designed to better prevent substitution of Federal funds for local funds.

Labor agreed with our recommendation that steps be taken to lower administrative costs. The Department plans to apply a general standard that administrative costs should not exceed 20 percent of a project's budget.

CHAPTER 5

NEED TO IMPROVE

ADMINISTRATION OF NATIONAL PROGRAMS

Effective management, monitoring, and evaluation of nationally directed CETA programs by Labor is crucial to making sure that only programs of demonstrated effectiveness continue to receive funding and that these programs serve the segments of the population needing these services as required by CETA.

Many of the problems cited in the preceding chapters on the AOP and National OJT programs reflect significant weaknesses in Labor's management control and evaluation system.

Labor's monitoring and evaluation consist primarily of reviewing routine program reports filed by program contractors supplemented by site visits to contractor locations. However, the program reports are deficient, and few site visits to AOP and National OJT project locations have been made. Site visit reports did not include information on program effectiveness.

Labor has not adopted changes proposed by internal and external studies for correcting weaknesses in management and control over these programs. For example, a suggestion to modify a contractor reporting system by including definitive participant completion and followup data for better assessment of program effectiveness has not been adopted.

Procurements are negotiated on a noncompetitive, sole-source basis instead of competitive procedures (soliciting the maximum number of qualified sources). Furthermore, Labor does not have available independent data which it needs to judge the accuracy and relevancy of information presented by potential contractors in support of contract proposals. The need for independent data is demonstrated by cases we found where Labor funded National OJT proposals without assurance as to the need for the program. Specific problems in Labor's monitoring and contract management are discussed below.

MONITORING AND EVALUATION BY LABOR ARE WEAK

CETA requires the Secretary to provide for continuing evaluations of all programs and activities conducted under the act including assessing program costs in relation to

program effectiveness. The act also requires the Secretary to measure program impact on participants and communities, assess the adequacy of program delivery mechanisms, and obtain the participants' opinions about the strengths of the programs. The act further provides that periodic reports be submitted to the Secretary containing information from program sponsors on the length of training for participants and employment situations. Labor's compliance with CETA evaluative and monitoring requirements has been minimal at best and totally lacking in several areas.

Limited benefit of contractor reports and site visits

Labor monitors AOP and National OJT programs by reviewing routine program reports filed by program contractors supplemented by site visits to contractor locations.

We reviewed several routine program reports filed during fiscal years 1975 and 1976. While they contained data on the number and characteristics of both program participants and types of job placements, these reports did not provide essential data on the type and extent of services provided to participants or any specifics on how these services successfully accomplished the program's goal of referring or placing individuals on jobs. Also, the length of time these job placements lasted was not shown in the reports even though CETA required this information. Program contractors are not required to follow up and report on former program participants and the status and success of participants to remain employed. This information is needed to ascertain program effectiveness.

We noted that Labor representatives made 94 site visits in fiscal year 1976. A Labor official said that 35 of these trips were to three contractors who operated CETA programs other than AOP and National OJT, but he could not say how many of the remaining 59 trips were monitoring visits to AOP or National OJT contractors.

We reviewed selected trip reports made by AOP and National OJT contractors during this period. These reports were basically limited to general information on the contractor's operations and some procedural problems found at the contractors. They lacked any assessment of contractor performance based upon actual degree of services provided to participants, the effects these services had on participants, and whether claimed placements were actually made by the contractors.

We did note one trip report for a local OJT contractor in March 1975 which contained the following recommendation:

"To help prove the value of this contract program in seeking, training and employing persons for a long-term career as a craftsman in this critical industry, I see the need for initiating another phase to this national program: intensive follow-up of those who made it to the apprenticeship stage. Where are the placements of 2-3-4 years ago?"

No action was taken on this recommendation.

We also noted one report form entitled "Project Monitoring Standards and Monitor Report" that had been used to monitor an OJT project on one visit made during fiscal year 1976. This form required and contained specific detailed information on participants and the names of related programs in the contractor's area. This information would assist Labor in evaluating program effectiveness. However, we could find no other instances in which this form was used.

We were told that Labor plans to develop written assessment guidelines to be used in the future for monitoring and evaluating AOP and National OJT programs, but presently Labor has none even though these programs have been operating since the 1960s.

Bureau of Apprenticeship and Training certification of placements discontinued

Prior to June 17, 1975, representatives of the Bureau of Apprenticeship and Training ^{1/} in the Employment and Training Administration certified each contractor's claimed apprenticeship placements. This limited certification verified that the contractor had the appropriate apprenticeship documentation on file for the claimed placement. The documentation consisted of a copy of an apprenticeship agreement or some other form indicating that the individual was an apprentice. Bureau of Apprenticeship and Training officials decided to discontinue certifying AOP apprenticeship placements because Labor changed the AOP placement focus in March 1975. (See ch. 3.) A Bureau survey of 53 AOP placement reports

^{1/}The Bureau of Apprenticeship and Training is responsible for promoting apprenticeships, approving apprenticeship programs, and protecting the rights of apprentices.

for May 1975 showed that 69 percent of the reported placements were not in apprenticeships, and that over 40 percent of the AOP projects were reporting solely nonapprenticeship placements. The Bureau decided that since AOP contractors were not devoting their primary efforts to apprenticeships, the Bureau could no longer be held accountable for certifying AOP placements. However, the Bureau agreed to continue visiting AOP contractors monthly to provide administrative and technical advice.

We reviewed selected Bureau reports covering monthly visits from 1973 through 1976. These reports did not contain substantive information on AOP contractor performance. For example, the following comment was made each month during 1975 and for several other months from 1974 through 1976 for one contractor:

"The project is operating satisfactorily. High unemployment is getting to the critical stage. Placements will be more difficult to secure."

In addition, an Office of National Programs official said that his office seldom reviewed Bureau reports because the reports are not useful for program monitoring.

FAILURE TO FOLLOW UP ON IDENTIFIED WEAKNESSES

Reports issued during 1976 on studies conducted by Labor program evaluation staff and by a consultant pointed out many weaknesses in the operation of the AOP and National OJT programs and in Labor's program monitoring system. We reviewed records of contract negotiations on AOP and National OJT projects made during the fall of 1976 and found no evidence that Labor had acted on issues raised in these studies or adopted proposed improvements.

Labor's internal audit group, the Directorate of Audit and Investigations in the Office of the Assistant Secretary for Administration and Management, reviewed the management of these two programs and reported in January 1977 that the monitoring system was not effective. For example, the report pointed out that during monitoring visits, Labor representatives were not providing contractors with timely advice and technical assistance needed to improve compliance with program requirements. The report recommended several actions to strengthen monitoring.

An April 1976 study on AOP by Labor's Office of Program Evaluation in the Employment and Training Administration discussed results from four other studies, along with reported placement data, and concluded that ACP was useful in placing participants, but, based on several research studies done in the 1960s, was less successful in helping participants to retain jobs. The study suggested that it would be useful for program administrators to modify current reporting systems and noted that program monitoring and assessing program effectiveness would be improved if participant completion and followup data were routinely collected and reported by AOP contractors.

Kirschner in its May 1976 report found that although OJT projects have been successful in helping participants enter apprenticeships, few participants remain with their trade. It also cited low-cost effectiveness of National OJT in increasing disadvantaged and minority participation in the construction trades.

NEED FOR BETTER PROGRAM MANAGEMENT BY LABOR

In the Employment and Training Administration, the Office of National Programs is responsible for (1) reviewing proposals and negotiating contracts, (2) assisting contractors, (3) monitoring and evaluating performance, and (4) closing out completed contracts. Two of the Office's four divisions carry out these responsibilities. The Division of Contracting Services provides technical support services for contracting operations, such as preparing contract documents and closing out completed contracts. The Division of National Training Programs develops and administers national contracts for programs including AOP and National OJT. Weaknesses we noted in the Office of National Programs operations are discussed below.

No competitive bidding

The Office of National Programs obtains AOP and National OJT services by means of cost reimbursement procurement contracts awarded on the basis of sole-source negotiation. Officials in the Office of National Programs told us that sole-source negotiation is used because they generally renew contracts with current contractors since they are most likely to perform effectively. Office of National Programs officials also said that shortly before an AOP or National OJT contract expires, they notify the contractor to submit a proposal for a new contract.

Labor officials in the Office of Grants, Procurement, and ADP Management Policy and in the Directorate of Audit and Investigations said that these contracts should be considered Federal assistance agreements rather than procurements and, consequently, requirements of the Federal Procurement Regulations should not be applied. These regulations encourage services to be obtained by competitive means and they discourage sole-source procurements.

However, our review of selected AOP and National OJT contracts showed them to be procurement contracts subject to the Federal Procurement Regulations and we question the propriety of awarding these contracts on a sole-source negotiated basis. Labor officials maintain that these contracts are exempt from the advertising and competitive bidding requirements because to secure competition is impractical. Agency officials maintain that current contractors are most suitable for providing AOP and National OJT services since they have experience in training- and employment-related areas and have proven their ability through prior performance.

In June 1977, Labor modified its CETA regulations to formalize the practice of using sole-source procurement methods rather than competitive bidding. These modifications also encouraged using legal instruments other than contracts to award financial assistance for programs conducted by private, profitmaking organizations. We believe that the change to use legal instruments other than contracts is inappropriate.

Office of Management and Budget Circular A-110 gives title to certain assets purchased with funds from Federal assistance agreements to the grantee. Conversely, certain assets purchased under cost reimbursable procurement contracts revert to the Government upon completion of the contract. To assure that assets procured with funds provided in National OJT and AOP Programs are obtained by the Government, Labor used cost reimbursable procurement contracts rather than Federal assistance agreements. Procurement via cost reimbursable procurement contracts also has the advantage of eliciting the requirements of the Federal Procurement Regulations.

However, Labor administered the contracts we looked at as if they were Federal assistance agreements and did not attempt to comply with Federal Procurement Regulations; for example, by using competitive procurement procedures.

Labor officials have not adequately justified the use of noncompetitive procedures to obtain AOP and National OJT services. Information was not available to demonstrate how

Labor officials responsible for approving sole-source requests determine that competition cannot be obtained for AOP and National OJT services. Labor officials said that persons and organizations routinely contact the Office of National Programs seeking contracts for employment and training programs, but they do not maintain a list of these potential contractors even though it is Labor's policy to do so.

In a September 15, 1977, report to the Congress (PSAD-77-152) entitled "Competition for Negotiated Government Procurement Can and Should Be Improved," we reported that many Federal agency noncompetitive procurements were not justified partly because agency personnel did not seek other sources in the course of procurement actions. We believe awarding AOP and National OJT contracts on the basis of noncompetitive procedures is not justified and that future contracts should be awarded competitively after advertising and publishing the requirements in the Commerce Business Daily.

Labor officials said that it may be impossible to write specifications necessary in obtaining proposals from sources that have not had recent experience with such programs. However, no attempt has been made to prepare specifications or solicit proposals from the general public.

A Labor official said that one reason Labor prefers to use current contractors is to avoid anticipated start-up costs of new contractors. This position does not consider the possible savings from using new contractors who may be able to provide needed services at lower costs.

We were also told that Labor favors current contractors because they have historically proven their ability to meet contract placement goals or have justified unavoidable developments that precluded the goals from being met. The ability to meet placement goals is the sole criterion used by Labor personnel to gauge program effectiveness.

We question whether the Office of National Programs definition of "demonstrated effectiveness"--meeting placement goals--satisfies CETA requirements because it ignores the aspects of whether the program has served those most in need and that job placements last a reasonable length of time. The problems we noted in AOP and National OJT Programs show that these objectives are not being reached.

We noted one example where the Office of National Programs failed to comply with its own criterion of effectiveness--placements. In this case, in fiscal year 1975 a National OJT

contractor made 158 placements, although its goal was 485 job placements; however, its contract was refunded for the next year. Office of National Programs officials said this data was probably understated because the contractor was having difficulty understanding the reporting forms, but they could not provide any evidence to support a higher job placement figure.

Office of National Programs officials told us they will consider contracting with a new organization if it can demonstrate through its history, reputation, and prior performance its capability of providing AOP or National OJT services. We noted only two instances during fiscal years 1975 and 1976 where new organizations were awarded National OJT contracts, but these were small in dollar value and limited in size and scope. This is still a moot point, however, because these proposals were not requested from the general public.

Need for independent data

We noted that in negotiating AOP and National OJT contracts, Office of National Programs officials depend on prospective contractors to support the need for proposed services. The potential contractors provide data on factors which affect the number of possible program placements, such as the demand for apprentices, local employment information, and anticipated need for construction workers. Office of National Programs officials do not systematically obtain available independent labor market or other relevant data from sources, such as the Bureau of Labor Statistics and the Employment Service, to verify information provided by the prospective contractors. The need for independent data is demonstrated by the cases we found where Labor funded National OJT proposals without being assured that they were needed. (See p. 38.)

Labor's failure to adequately assess these contract proposals causes AOP and National OJT contracts to be renewed with the same organizations. We noted only 4 out of 38 instances during fiscal year 1975 in which such contracts were not renewed. In one instance we noted that a contract was terminated before being completed at the convenience of both parties when the contractor told Labor he would be unable to perform.

CONCLUSIONS

Effective management and evaluation are the primary ways to make sure nationally directed programs under CETA provide services to segments of the population in need of them and demonstrate effectiveness to warrant continued funding as required by CETA. Labor should improve its program management, strengthen its monitoring and evaluation activities, and take action on reported program problems. More effective program administration would alleviate many of the problems discussed in this report.

RECOMMENDATIONS

We recommend that the Secretary of Labor:

- Develop and put into practice monitoring and evaluation guidelines for AOP and National OJT Programs which gauge program effectiveness and highlight program accomplishments in accordance with CETA program assessment requirements.
- Within the Office of National Programs, use competitive procurement procedures in accordance with Federal Procurement Regulations and obtain and use independent data in evaluating proposals to improve AOP and National OJT Program contracting services.

AGENCY COMMENTS AND OUR EVALUATION

Labor agreed with our recommendation that it develop and implement monitoring and evaluation guidelines for the AOP and National OJT Program. Specifically, Labor agreed to develop explicit monitoring guidelines for use by Federal staff and to increase the number of site monitoring visits as much as possible. Labor further agreed to identify and develop assessment criteria for better gaging program accomplishments.

Labor disagreed with our recommendation that it use competitive procurement procedures and independent data for AOP and National OJT projects. Labor maintains that it does not actually procure AOP and National OJT services, but merely provides financial assistance to organizations that offer AOP and National OJT services; contracts are used as a convenience, according to Labor.

We stand behind the recommendation for the specific reasons cited in this chapter. We also point out that Labor's December 1977 letter to the House and Senate Committees on Appropriations, the House Committee on Government Operations, and the Senate Committee on Governmental Affairs addressing the actions taken in response to our September 15, 1977, procurement report (see p. 49) states that, except on rare occasions, it is agency policy to procure by competitive means. Furthermore, Labor's claim that the agreements should not be considered contracts is contradicted by the written agreements themselves, which purport to be contracts on their face and are written in a contractual format. These documents indicate that Labor is contracting with private organizations for AOP and National OJT services to be provided to program participants.

Labor further stated that, with respect to AOP, competitive award procedures would be no more appropriate than it would be for obtaining services for State employment security agencies. We see a great difference between the network of State employment security agencies and the AOP contractors. Most notably, AOP contractors are private organizations, whereas State employment security agencies are part of a government entity with a special statutory relationship to the Federal Government.

Regarding the National OJT Program, Labor said it selects contractors that can influence hiring practices in specific industries. We agree that the extent to which a potential contractor can influence an industry's hiring practices should be a criterion considered in the selection process. However, the almost automatic renewal of prior contractors unfairly prevents potentially qualified contractors from getting a chance to be funded under the program.

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

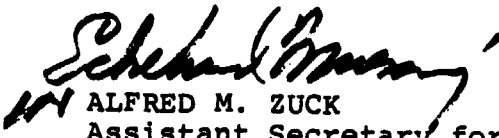
December 22, 1977

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

Dear Mr. Ahart:

Thank you for affording us an opportunity to review and to comment on the draft report prepared by the General Accounting Office (GAO), entitled "Questionable Need for Apprenticeship Outreach and Construction-Related National On-the-Job Training Programs." We have enclosed a paper that gives our specific comments regarding the principal findings and recommendations contained in the draft report.

Sincerely,


ALFRED M. ZUCK
Assistant Secretary for
Administration and Management

Enclosure

THE COMMENTS OF THE DEPARTMENT OF LABOR
REGARDING THE DRAFT REPORT OF THE
GENERAL ACCOUNTING OFFICE, ENTITLED --

"QUESTIONABLE NEED FOR APPRENTICESHIP
PROGRAMS AND CONSTRUCTION-RELATED
NATIONAL ON-THE-JOB TRAINING PROGRAMS"

U.S. Department of Labor
December 1977

INTRODUCTION

This paper presents the views and comments of the Department of Labor (DOL) regarding the principal findings and recommendations contained in the draft report by the General Accounting Office (GAO), entitled, "Questionable Need for Apprenticeship Outreach and Construction-Related National On-the-Job Training Programs". Copies of the draft report were transmitted to the Secretary of Labor on September 30, 1977, by GAO's Human Resources Division.

The report includes three sets of recommendations -- the first pertaining to the Apprenticeship Outreach Program, the second pertaining to the National On-the-Job Training Program, and the third pertaining generally to DOL's administration of these programs. In this paper, the three sets of recommendations are dealt with in turn, and each recommendation is discussed separately.

APPRENTICESHIP OUTREACH PROGRAM

The GAO recommendations on the Apprenticeship Outreach Program (AOP) are stated as follows:

We recommend that the Secretary of Labor eliminate the AOP concept in favor of other less costly alternatives. If the Secretary determines that a need exists for AOP, we recommend that its operations be significantly improved by action to:

- redirect the AOP focus back into apprenticeship only and
- establish effective criteria covering contractor performance to include
 - the degree and level of services necessary to support placement credit claims,
 - minimum wage levels or description of suitable jobs as well as length of employment to warrant placement credit under contracts, and
 - eliminate placement credit for participants referred to other federally supported programs or placed in trades and employment areas already having significant minority representation.

AOP -- A Viable Concept

DOL flatly disagrees with the GAO recommendation that the AOP concept be eliminated in favor of less costly alternatives. It has been thoroughly documented that the AOP has achieved a high degree of success in performing its primary role -- which is to help individuals obtain jobs in occupations where, because of race or other reasons, they face artificial barriers to employment. We also maintain that there is a continuing, long-term need for a program that can play this special role. To support our position that the AOP should remain in operation, we would like to make the following points:

- . DOL is now taking vigorous action to expand and strengthen apprenticeship training. Beginning in Fiscal Year 1977, we have launched several new initiatives that are designed either to broaden or strengthen existing apprenticeship training programs or to promote the development of new programs in industries and occupations where apprenticeship has not been widely used. One important result of our efforts will be a general increase in the number of apprenticeship openings; and the AOP will play an integral role in ensuring that women and minorities are able to take advantage of these opportunities.
- . As to the number of apprenticeship openings becoming available in the construction industry, they do indeed vary in relation to the exaggerated fluctuations in activity that characterize this particularly volatile segment of our private economy. However, the long-term prospects are for overall growth and, in view of the DOL initiatives mentioned above, a general increase in the number of apprenticeship opportunities. In this regard, the AOP will play an important role in addressing the continued underrepresentation of minorities in many of these trades and the underrepresentation of women in virtually all of them.
- . Though originally implemented with a very narrow objective -- i.e., the placement of minorities as apprentices in the skilled construction trades -- the AOP has proven to be a flexible mechanism in terms of both its target clientele and the occupations it seeks to penetrate. For example, several AOP projects were charged a few years back with the specific task of assisting women obtain "nontraditional" jobs,

white collar and blue collar both. Since that time, the placement of women into occupations from which they have historically been excluded has grown to be a major programmatic emphasis within the AOP. As to occupational focus, the AOP is not limited to the construction industry. Indeed, special efforts in the automotive industry and in the shipbuilding industry have been in place for many years. To summarize the point, the AOP concept has been usefully adapted and will continue to be adapted to those occupational areas that emerge as the focus of national attention.

- . In the context of the preceding point, it should be noted that DOL intends to play a stronger and more vigorous role in the enforcement of the equal employment opportunity and affirmative action requirements that are applicable to Federal contractors. One element in our plan includes centralizing the compliance functions now carried out by several Federal agencies into our Office of Federal Contract Compliance Programs (OFCCP). Another crucial element will be to ensure an effective degree of coordination between OFCCP and the Employment and Training Administration (ETA), the DOL agency that administers the AOP. While OFCCP, through its enforcement activities, will create a demand by private employers for certain categories of workers (minorities, women, handicapped persons, and disabled and Vietnam-era veterans), ETA will take steps to help individuals from these groups take advantage of the employment opportunities that become available. In this regard, the AOP has already been identified as one of the key resources that ETA will utilize in this joint effort.
- . With respect to "less costly alternatives" to the AOP, the GAO report points mainly to the network of Apprenticeship Information Centers (AIC's). We do not believe that AIC's are suited to the tasks we have established for the AOP. AIC's are meant to serve as a walk-in source of information about local apprenticeship opportunities for all interested members of the community. Like the employment service network with which they are affiliated, the AIC's perform a traditionally passive labor exchange function, but for a much more narrowly

defined range of occupations. To thrust the more extensive AOP role on the AIC's would not, in our view, result in any net reduction in the cost of providing AOP services -- it would merely transfer these costs to another administrative network. In terms of disruption to existing operations alone, the true costs that would be associated with a reassignment of roles would be prohibitive.

- . As a final point, we would like to express our opinion that the GAO study did less than justice to the AOP. Considering that only 6 out of 98 AOP projects were examined and considering that the report focused mainly on AOP efforts in the construction industry (where pronounced regional differences are the case), we feel that the factual material assembled by GAO does not provide adequate support for the extremely drastic recommendation that the AOP be dismantled.

Improvements Can Be Made

The GAO report recommends a number of actions for strengthening the AOP in the event of a determination by the Secretary of Labor that the program should be continued. As this particular determination has been made, our views on each of these GAO recommendations -- most of which were found to be extremely constructive -- are presented below:

- . The first GAO recommendation is to redirect the AOP focus back into apprenticeship only. While we do not believe that the occupational focus of the AOP should be limited exclusively to apprenticeable jobs, we do agree that the AOP should now focus mainly on apprenticeable jobs. We also believe that strict but practical guidelines are needed as to the types of nonapprenticeable occupations the AOP should deal with. In this regard, we have already issued written policy guidelines to our AOP sponsors which direct them to give primary emphasis to placing their clientele in apprenticeable occupations. As far as nonapprenticeable occupations are concerned, the guidelines state that placement credit may be taken only for jobs in which the starting pay is \$5.00

an hour or more. This dollar level will be adjusted upward from time to time in relation to general increases in worker income. We are confident that the steps we have already taken will be adequate to redirect the principal focus of the AOP back to apprenticeable occupations -- but if stronger measures become necessary, we will be prepared to use them.

- . GAO recommends that criteria be developed regarding the degree and level of services that must be provided to an individual before an AOP sponsor may count that individual as being placed through its AOP project. We agree fully with this recommendation and we intend to issue clear and enforceable guidelines to our AOP sponsors in the near future.
- . GAO recommends that criteria be developed regarding the types of jobs for which AOP sponsors can claim placement credit, with the further recommendation that these criteria might be in terms of wage levels or job descriptions. We are in basic agreement with this recommendation, and we have already adopted the policy that placement credit may be taken only with respect to individuals who are placed as registered apprentices, who are placed as recognized journeymen in an apprenticeable occupation, or who are placed in jobs that pay \$5.00 an hour or more. The necessary changes have been made in the AOP reporting guidelines, and all future AOP funding agreements will spell out the programmatic goals in these terms.
- . GAO recommends the establishment of criteria regarding the length of time an individual must remain in a job before an AOP sponsor may count the individual as having been placed. While this recommendation does have merit, we are not in a position to adopt it. To do so would create an unfair inconsistency between the AOP reporting system and the reporting systems that are in place for all other CETA programs and for the Employment Service network. Technical considerations aside, we do consider job retention to be an important indicator of general program effectiveness. With respect to the AOP, we are now giving serious consideration to new program guidelines that would require AOP sponsors to provide followup services to their clients for up to 12 months after placement. We are also working to develop a low-cost mechanism through which DOL can capture job retention data that can be used to assess the overall impact of the AOP.

- . GAO recommends that AOP sponsors not be given placement credit for referring individuals to other federally supported programs. We agree fully, and recent changes to AOP reporting guidelines should effectively eliminate any "loopholes" that might have led to this practice.

- . Finally, GAO recommends that AOP sponsors not be given placement credit for individuals referred to jobs in trades or occupations already having significant minority representation. Apart from the fact that the placement of women has been given substantial emphasis under the AOP, we must reject this recommendation for a practical reason. While there are a number of skilled trades having substantial minority representation on a national basis, underrepresentation by minorities in these same trades remains a problem in many local areas. As far as placement credit is concerned, guidelines of the nature suggested by GAO would, for the sake of fairness, need to account for each local situation. Unfortunately, the result of this would be an overly complicated and unworkable system. As an alternative to the GAO recommendation, we are considering new program assessment criteria that would highlight AOP placements in the mechanical trades -- where minority underrepresentation remains a problem at the national level and in nearly all localities.

NATIONAL ON-THE-JOB TRAINING PROGRAM

The GAO recommendations regarding the National OJT Program are stated as follows:

- We recommend that the Secretary of Labor:
- Reevaluate the need for construction-related national on-the-job training, as well as training in trades having similar unemployment problems and terminate those contracts which are not achieving program objectives.

 - Redirect available funding into trades with current and projected skilled manpower shortages and low minority representation.

 - Require that adequate training be provided to program participants while they are on the job or in classroom training.

- Implement guidelines which would prohibit National OJT funding from subsidizing regular apprenticeship programs.
- Take steps to reduce administrative costs associated with National OJT contractors so that more funds can be used for training.

The Need for Construction-Related National OJT Programs

It is the general position of the Department of Labor that National OJT Programs in the construction industry should be continued. While GAO correctly pointed out that the recent slump in construction activity created problems for these programs in terms of trainee placement and job retention, employment in the construction industry is on the rise, and the long-term prospects, as mentioned previously, are for overall growth. In any event, we do not believe that a temporary dip in the business cycle is a sufficient reason for calling the basic value of these particular training programs into question. Employment in the skilled construction trades, with their generally high wage scales, will remain an attractive proposition to the disadvantaged persons these programs are intended to serve.

While it is our general belief that training in the construction trades should be continued, we do agree with GAO that the performance of each training project we mount in this area should be carefully scrutinized. In this regard, we would like to note that DOL has terminated construction-related projects that fell short of their stated objectives, and we remain ready to take this type of action as future circumstances may warrant.

Reallocation of Resources

As implied above, DOL does not plan to reduce the overall level of National OJT Program activity in the construction trades. Such reductions will occur only if individual projects are dropped from the budget because of inadequate performance. However, should funds become unencumbered in this manner, we will then be in a position to consider new training projects in different occupations and industries. If this type of opportunity arises, we will, consistent with the GAO recommendation, give primary consideration to

good-paying trades and occupations that show a high-level of demand for qualified workers, particularly those where minorities are underrepresented.

Improvements Can Be Made

GAO makes a number of recommendations regarding actions that should be taken to strengthen and improve the effectiveness of the National OJT Program. Our views on each of those recommendations are presented below.

- . We agree completely with the GAO recommendation that National OJT Program sponsors should be required to deliver adequate training, both in the classroom and on the job. The insights provided by the GAO report will be extremely valuable to us in developing guidelines and procedures for ensuring that the training we support under this program measures up to a high standard. Also, while an increase in the quality of training will, of itself, improve the effectiveness of the program, we are now examining the possibility of including post-placement followup services for trainees as a regular component in the program. This may result in a dramatic improvement in trainee job retention rates.

- . DOL also concurs with GAO's position that National OJT Program funds should not be used to subsidize regular, industry-operated apprenticeship programs. As noted in the GAO report, there are explicit "maintenance of effort" requirements contained in the Federal regulations that govern these programs and in the general provisions that are included in every funding agreement. To supplement the existing guidelines in a way that should effectively close any "loopholes" that might have led to occasional abuses of this nature, we intend to issue stricter guidelines as to the individuals who are eligible for training under these programs. With the exception of a few "upgrading" projects, participation in National OJT Programs will be specifically limited to individuals who are "economically disadvantaged". We will also establish a clear policy that, of individuals who meet the "economically disadvantaged" criteria, enrollment priority is to be given to those who are minorities, women, and veterans. These new

guidelines should provide adequate safeguards against national OJT resources being used to train the same people who would ordinarily be trained by the industry without Federal assistance. In addition, we also intend to place new emphasis on the use of recruitment sources in the community that will be able to refer sufficient numbers of disadvantaged trainees.

- . Finally, DOL agrees with the GAO recommendation that steps be taken to lower administrative costs that are now being incurred under many of the National OJT projects. We intend to use a general standard that administrative costs should not exceed 20 percent of a project's budget. Every future funding agreement under the National OJT Program that includes administrative costs above this level will not be executed unless complete and thoroughly documented justification is made.

ADMINISTRATION OF NATIONAL PROGRAMS

The GAO recommendations regarding DOL's administration of the Apprenticeship Outreach Program and the National OJT Program are stated as follows:

We recommend that the Secretary of Labor:

- Develop and put into practice monitoring and evaluation guidelines for AOP and National OJT programs which gauge program effectiveness and highlight program accomplishments in accordance with CETA program assessment requirements.
- Within the Office of National Programs, utilize competitive procurement procedures in accordance with Federal Procurement Regulations and obtain and use independent data in evaluating proposals to improve contracting for AOP and National OJT program services.

Monitoring and Evaluation

We agree with GAO that DOL's monitoring and evaluation of these two programs need to be strengthened. Ideally, this should be done mainly by adding positions to our Federal staff. Since budgetary constraints make this impossible, we will rely instead on the approaches described below.

- . We will develop explicit monitoring guidelines to be followed by the Federal staff who work in the administration of these programs. If it is deemed necessary, we will also provide the staff with refresher training in monitoring techniques.
- . To the extent possible, we will increase the number of site visits to be made by our national office staff who are responsible for overseeing these programs. With respect to the AOP, we will also resume the practice of monthly, onsite monitoring visits by the field staff of the Bureau of Apprenticeship and Training.
- . As far as overall program evaluation is concerned, we are now working to identify and develop assessment criteria that can be used to give us an accurate and meaningful picture as to the general accomplishments of the two programs and the effectiveness of the individual projects that fall under them.

Competitive Procurement Procedures

The issue raised by GAO regarding the use of competitive procurement procedures in connection with the AOP and the national OJT Program is one that comes up again and again. Though the financial agreements that are used to award Federal funds under these programs are "contracts", they

do not represent procurement transactions; they are agreements under which financial assistance is awarded to private nonprofit organizations and public agencies. While "grant" agreements would be equally appropriate to make these awards, the use of "contracts" has been continued as a matter of convenience.

In a broader vein, the general use of competitive award procedures in connection with these two programs is simply not a practical proposition.

- . With respect to the AOP, competitive award procedures would be no more feasible than they would be for our network of State employment security agencies.

In the AOP, DOL has built an institution -- and we do not intend to create a situation where we might be obliged to tear it down and reconstruct it with unnecessary frequency. It will be our policy, however, to give careful consideration to competitive funding procedures wherever new AOP initiatives are to be implemented.

- . The case of the National OJT Program is somewhat different. Under this program, DOL pointedly seeks the involvement of national organizations that are capable of exerting influence or control over industry employment practices. In this regard, national trade associations and national labor organizations dominate our list of National OJT sponsors. By working inside selected private-sector establishments that can influence hiring practices in specific industries we are able to sensitize industry leaders as to their social responsibilities and we are able to assure that program participants have direct access to the jobs for which they are trained. We believe this strategy is a sound one; and until it is proven to be otherwise, we do not intend to abandon it in the name of "competition".

PRINCIPAL DEPARTMENT OF LABOR OFFICIALS
RESPONSIBLE FOR ADMINISTERING ACTIVITIES
DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
SECRETARY:		
Ray Marshall	Jan. 1977	Present
W. J. Usery, Jr.	Feb. 1976	Jan. 1977
John T. Dunlop	Mar. 1975	Jan. 1976
Peter J. Brennan	Feb. 1973	Mar. 1975
 ASSISTANT SECRETARY FOR EMPLOYMENT AND TRAINING (note a):		
Ernest G. Green	Mar. 1977	Present
William B. Hewitt (acting)	Feb. 1977	Mar. 1977
William H. Kolberg	Apr. 1973	Jan. 1977
 ADMINISTRATOR, OFFICE OF COMPREHEN- SIVE EMPLOYMENT DEVELOPMENT:		
Robert Anderson	Sept. 1977	Present
Pierce A. Quinlan	Jan. 1974	Sept. 1977
William J. Haltigan (acting)	Sept. 1973	Dec. 1973
 <u>a/</u> Before November 12, 1975, this title was Assistant Secretary for Manpower.		

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