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HUMAN RESOURCES
DIVISION

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OCTOBER 2, 1979

B-177486



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The Honorable Charles Pashayan, Jr.
House of Representatives

Dear Mr. Pashayan:

Subject: [Evaluation of the Secretary of Labor's
Comments On "The Award of Funds To
The National Farm Workers Service Center,
Inc. Was Poorly Managed" (HRD-79-127)

On April 8, 1979, you asked that we provide clarifying information on our report (HRD-79-30, Jan. 15, 1979) about funds awarded to the National Farm Workers Service Center, Inc. Your request was based on the Secretary of Labor's March 6, 1979, letter to you commenting on certain matters discussed in the report. The Secretary disagreed with several of our findings and, in some instances, questioned the facts underlying them. After reviewing these comments we are satisfied that the facts presented in our report are accurate. Following is our evaluation of the Secretary's comments.

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QUESTIONABLE NEED FOR A RESIDENTIAL
ENGLISH LANGUAGE TRAINING PROGRAM

We questioned the need for a residential English language training program because State and local school officials believed the center's program would duplicate educational opportunities already available through the school system. The Secretary contended that while the Kern County school system attempts to meet farmworkers' needs, its programs do not significantly benefit many workers whose employment and migration patterns preclude them from using these facilities. The Secretary argued that intermittent classes, night classes after long work days, and lack of transportation to classes supported this argument.

Labor officials told us that their argument was based on subjective judgments drawn from a knowledge of farmworker needs. They told us that they did not determine the nature of the English language courses offered by the Kern County public school system.

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For that reason they could not produce any tangible proof of their assertions that the program structure and methodology the Kern County school system employs would not significantly benefit the workers to be served under the grant.

As we previously reported, (the adult education consultant for the California State Department of Education, whose geographic area of responsibility includes Kern County,) told us that while the English language courses offered by the school system are generally held at existing school facilities, courses for 20 or more students can be offered at farmworker locations. These locations include large corporate farms or work camps where facilities are available. The consultant told us that the number of courses Kern County offers is determined by the number of persons interested in participating. Thus, with very few exceptions all interested persons have a chance to attend courses.) Our report also noted that officials of the Bakersfield Adult School, which serves about two-thirds of Kern County, indicated that the English language courses being offered attempt to address community needs.

The Secretary also wondered why, if the proposed program was a duplication of effort, the State Board of Education did not object during the A-95 clearinghouse process. (Labor officials told us that in preparing their response they did not know if the board had ever been given the opportunity to comment on the proposal. They assumed the board had seen the proposal and had no comments.

These comments show that (Labor based its response on knowledge of farmworker problems in general and speculation about the clearinghouse process rather than on the facts at hand.) Accordingly, the Secretary's response neither refutes our findings nor demonstrates the need for the residential English language program.

NONCOMPLIANCE WITH A-95 CLEARINGHOUSE REQUIREMENTS

(Our report faulted Labor for not ensuring that both State and local governments had the opportunity to comment on the center's proposal in relationship to State, area, and local plans and programs.) This is done through Office of Management and Budget Circular No. A-95 procedures. The Secretary, in responding to our report, stated

--The center's proposal was sent to the State clearinghouse and Labor assumed that the State clearinghouse would submit the proposal to the appropriate area clearinghouses.

--It would be impossible to determine which area clearinghouses should be sent the proposal since the center proposed to recruit through 13 Campesino centers Statewide.

We are unconvinced by the Secretary's arguments. First, Labor's own solicitation for grant applications required the applicant to send the proposal to the appropriate State and/or local clearinghouses. We cannot see why Labor would then assume that this was the State clearinghouse's responsibility.

Second, as the Secretary noted, the center proposed to recruit participants through 13 Campesino centers throughout California. We cannot see why the proposal was not sent to area clearinghouses serving the areas in which the Campesino centers are located.

Third, Labor should have been well aware of at least one area, Kern County, that would be served since the application's cover sheet indicates that the area of project impact will be "Kern County/State of California." In addition, the grant singled out the barrios of Kern County as one of three groups to be served. Finally, on March 3, 1978--well before the July 1978 grant award--the Chairman of the Kern County Council of Governments sent a strongly worded protest to the Secretary of Labor because Kern County and eleven incorporated cities were bypassed in the A-95 clearinghouse process. At a minimum the center should have sent its application to the area clearinghouse for Kern County.

GRANT AWARD REPRESENTS A SUBSTANTIAL INCREASE IN THE PER SLOT COST

Our report noted that one questionable aspect of the center's grant was the high cost of the vocational skill training program--about \$21,000 per slot. We pointed out that this slot cost far exceeded the \$7,500 amount specified in the solicitation for grant applications and the \$10,000 to \$12,000 range which reviewers considered acceptable, if justified, during the selection process. We reported that five applicants had

been eliminated during the first phase of the selection process solely because their per slot costs exceeded the acceptable limit. Our basis for this statement was a September 29, 1977, Labor memorandum showing that five applications were considered non-responsive solely because of slot costs.

The Secretary objected to our finding stating that applicants were never eliminated because their applications exceeded recommended cost guidelines. He said that only when such cost overruns could not be substantiated did this factor become critical. We asked Labor officials for documentary evidence to support these comments, but they could not provide it.

PREMATURE ANNOUNCEMENT OF GRANT AWARD

The Secretary said that we were "absolutely wrong" in our assertion that the announcement of the grant award prior to negotiating the grant proposal weakened Labor's negotiating strength. After discussing this comment with the Labor official involved in the negotiations which took place after the signing ceremony, we are satisfied that the position we reported is accurate. The Labor negotiator again confirmed that the negotiations were made more difficult for him. He told us that while the center's representatives never said that they would not agree to any of the changes being negotiated, the assurance of an award was lurking in the background.

The Secretary also contended that a statement contained in our report leads one to the conclusion that their bargaining position was not weakened. Our report stated that on April 21, 1978, Labor informed the applicant that the Department would not pursue the grant award without the applicant's prompt and active cooperation in the negotiation process. We do not believe this belies our position. Labor called for the applicant to demonstrate that it would resume negotiations but it did not necessarily change the bargaining positions.

LABOR DENIED GAO ACCESS TO ITS RECORDS

On March 9, 1978, we advised Labor that in response to a congressional request, we were starting a review of a grant awarded to the center. Four days later, Labor officials denied us access to all grant-related records involving

activities after January 11, 1978--the date Labor held a grant signing ceremony prior to actually executing the grant. Two months later, after the Comptroller General wrote a letter to the Secretary, we were given access to the records. As Labor correctly observed, our investigation was then allowed to proceed without delay. This delay accounted for about 20 percent of the calendar time it took to do our fieldwork and report our findings. Thus, we believed it necessary to report the extent of delay experienced because of access to record problems.

The Secretary said that while Labor delayed giving us some of the files we did not connect the access issue to any findings or conclusions in our report. The issue of Labor's denying us access to its records has nothing to do with our reported findings and conclusions since we were finally able to see the requested records. Rather, the issue is that Labor significantly delayed our review of records central to the work we were requested to do. This is in spite of our clearly defined statutory authority to review those records.

The Secretary concluded that we raised this issue "****only to excuse the delay in their submittal of the report to the Congress." Labor solely caused this delay. By refusing to grant us access to the requested records for 2 months, Labor seriously impeded our work and, as a result, delayed our report to over 30 Members of Congress who requested that we review Labor's award of funds to the center.

SOLE SOURCE GRANT FOR
AGRICULTURAL APPRENTICESHIP TRAINING

We criticized Labor for awarding the center an agricultural apprenticeship training contract on a sole source basis, rather than by competitive means. The Secretary's comments on the award merely reiterate Labor's position as contained in our report. He stated that previous attempts to cultivate apprenticeship training through agricultural employers have met with limited success; therefore, Labor took the opportunity to test apprenticeship training through organized labor. According to a Labor official the "previous attempts" mentioned in the Secretary's letter are the same two projects identified in our report, which are the only agricultural apprenticeship projects Labor has funded in California in the past 7 years. Contracts for both projects were also awarded on a sole source basis.

SELECTION OF SPANISH
SPEAKING PROGRAM PARTICIPANTS

In commenting on participant eligibility requirements, the Secretary said that it is "not true" that individuals wishing to participate in English language training (more than 80 percent of total program enrollment) would be limited to those speaking Spanish. According to the Secretary, Labor's interview with the program director subsequent to our report revealed that she had no knowledge of having made such a statement. As is clear from our report, we also interviewed the program director, and she told us that she expected individuals wishing to participate in English language training would be limited to those speaking Spanish. Despite Labor's disagreement, the source of its evidence is no different from ours. Therefore, the Secretary has no firm basis for stating that the information we reported is untrue.

THE CENTER LACKED EXPERIENCE IN OPERATING
A RESIDENTIAL SKILL TRAINING PROGRAM

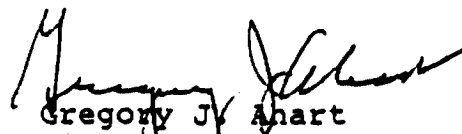
In commenting on the center's lack of program experience, the Secretary said that the center's failure to score high in the area of residential skill training experience did not, in itself, disqualify it from consideration as a possible grantee. We neither reported nor did we suggest that the center's failure to score high on experience should, in itself, have disqualified the center from consideration. Our report noted that experience was one of five factors panelists evaluated during the third phase of the selection process and that of a possible 20 points, the center scored a relatively low 13.5.

The Secretary also said that the center's proposal--considering all rating factors--scored highest among all others reviewed. We do not agree. We accurately reported that the center ranked third of 20 proposals during the final round of the selection process. A Labor official told us that the Secretary's statement should be clarified. He told us that Labor intended to say that during the final round the center scored highest among all applicants from the State of California. Four California proposals were reviewed during the final round. In any case, we fail to see the relevance of this comment in defending the center's lack of experience in operating a residential skill training program.

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As arranged with your office we will make copies of this report available to others 3 days after issuance.

Sincerely yours,



Gregory J. Ahart
Director